



# ***Daily Report***

## **China**

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# Daily Report

## China

FBIS-CHI-94-032

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### General

#### DPRK Agrees To IAEA Nuclear Inspections

OW1502192794 Beijing XINHUA in English 1858  
GMT 15 Feb 94

[Text] United Nations, February 15 (XINHUA)—The Democratic People's Republic of Korea (DPRK) today informed the International Atomic Energy Agency (IAEA) that DPRK accepted the IAEA inspections of its nuclear facilities.

According to a U.N. press release, following discussions held in Vienna during the recent months the DPRK authorities accepted the inspection activities requested by the IAEA in the seven declared nuclear facilities.

The release said the DPRK representatives conveyed their authorities' acceptance following the explanations and clarifications that the agency had provided during the discussions.

Inspectors would take certain measures, such as reloading of cameras and changing of seals, to facilitate future verification, it said, adding that the aim of the inspection activities was to verify that nuclear material in these facilities had not been diverted since earlier inspections.

Welcoming the new development, the IAEA had confirmed today in writing to the DPRK the agency's readiness to send a team of inspectors to the DPRK as soon as the necessary formalities for entry had been arranged.

For the past several months, the DPRK and the United States had had many rounds of negotiations on inspection activities.

#### Further on Inspecting Sites

OW1602055094 Beijing XINHUA in English 0241  
GMT 16 Feb 94

[Text] Vienna, February 15 (XINHUA)—The Democratic People's Republic of Korea (DPRK) today agreed to open seven sites of nuclear facilities to the inspection of the International Atomic Energy Agency (IAEA).

A DPRK representative today informed the IAEA that the DPRK "accepts the inspection activities ...[ellipses as received] requested by the IAEA in the seven declared nuclear facilities" after months of negotiations, said David Kyd, spokesman for the Vienna-based IAEA.

He said that the IAEA would send an inspection team of six or seven experts to the DPRK as soon as possible.

The team is expected to stay in that country for three weeks and verify whether there has been any diversion of nuclear fissionable materials into military use in those facilities since the IAEA's last inspection in February 1993.

It was reported that the IAEA had formally requested to inspect the seven facilities in January this year.

Suspecting that the DPRK is using the facilities to develop nuclear weapons, the United States has threatened that country with sanctions and with stationing "Patriot" anti-missile missiles in South Korea.

But the DPRK has forcefully denied any manufacture of nuclear weapons.

#### ROK Welcomes Agreement

OW1602055794 Beijing XINHUA in English 0301  
GMT 16 Feb 94

[Text] Seoul, February 16 (XINHUA)—South Korea welcomed Wednesday [16 February] the agreement reached between the Democratic People's Republic of Korea (DPRK) and the International Atomic Energy Agency (IAEA) on reopening nuclear inspections.

"The agreement is the result of close consultation and coordination between South Korea and the international community," said a Foreign Ministry official.

The DPRK agreed to allow the IAEA to conduct inspections on all seven reported nuclear facilities at a working-level contact in Vienna Tuesday.

But the question of inspecting two unreported nuclear facilities is still pending, presumably for the two sides to discuss later, according to reports reaching here Wednesday.

The two sides reached the agreement after two months of see-saw negotiations to resume inspections which was stalled since February last year.

The South Korean official said that since the agreement "leaves unsettled the question of special inspections of two major suspected sites, the international community will continue its efforts to resolve this matter."

The IAEA is expected to send a team of inspectors to Pyongyang before February 21, the date on which the IAEA convenes a board of governors meeting.

Meanwhile, the DPRK and the United States reportedly resumed working level meeting in New York Tuesday to negotiate follow-up measures on IAEA inspections.

#### U.S. Welcomes Agreement

OW1602005994 Beijing XINHUA in English 0038  
GMT 16 Feb 94

[Text] Washington, February 15 (XINHUA)—The United States welcomes an agreement by the International Atomic Energy Agency (IAEA) and the Democratic People's Republic of Korea (DPRK) to allow the IAEA inspect DPRK's nuclear facilities.

"We look forward to the beginning of these inspections as soon as possible," said Mike McCurry, spokesman for the State Department, at a regular news briefing.

The IAEA, a U.N. organization based in Vienna, announced today that the DPRK has accepted the inspection activities requested by the IAEA in its seven declared nuclear facilities.

The inspectors will take certain measures, such as reloading of cameras and changing of seals to facilitate future verification, the IAEA said in a statement.

The aim of those inspection activities is to verify that the nuclear material in the facilities has not been diverted since their earlier inspections, the statement said.

"It is a necessary step for the IAEA to be able to reassure the international community that there has been no diversion of nuclear material from that facility," McCurry said.

The spokesman also said that "satisfactory completion of the inspection at the earliest possible date and resumption of the North-South dialogue on de-nuclearization will pave the way for the next round of U.S.-North Korea talks."

A meeting between the U.S. and the DPRK is likely to be held in New York this week, McCurry added.

#### XINHUA Reports U.S. Congressman To Visit DPRK

*OW1602011994 Beijing XINHUA in English 0047  
GMT 16 Feb 94*

[Text] Washington, February 15 (XINHUA)—A U.S. congressman will visit Pyongyang this week at the invitation of the Government of the Democratic People's Republic of Korea (DPRK).

Representative Ronald Dellums, a California Democrat and the chairman of the House Armed Services Committee, hoped to help defuse the dispute over the alleged DPRK's nuclear weapon programs, according to the NEW YORK TIMES.

The newspaper quoted U.S. Administration officials as saying that the White House has approved the visit, which is a secretly arranged trip.

He is expected to meet with the DPRK leader Kim Il-song and his top advisers, the newspaper said.

#### 'News Analysis' Views U.S. Moves To Enter Japan's Markets

*OW1602021694 Beijing XINHUA in English 0130  
GMT 16 Feb 94*

[“News Analysis” by Wang Nan: “After Cellular Phones, What's Next in U.S.-Japan Trade?”]

[Text] Washington, February 15 (XINHUA)—Compared with the huge trans-Pacific trade between the U.S. and Japan, selling a cellular phone, or 12,900 of them by Motorola Inc., is like a drop of water in the ocean.

It is not so, said the U.S. Trade Representative Mickey Kantor. "This is an extremely important issue that goes to the heart of this administration," he told a packed press conference this afternoon.

After the failed summit last Friday [11 February], when President Bill Clinton and Japanese Prime Minister Morihiro Hosokawa failed to agree on a trade framework, cellular phones, for the U.S., show how difficult it is to enter the Japanese market.

Accusing Tokyo of violating a 1989 agreement to buy more U.S.-made cellular phones, Washington hinted today at trade sanctions against Japan, whose trade surplus with the U.S. surpassed 60 billion U.S. dollars in 1993.

"The Japanese Government created a situation favoring existing Japanese suppliers over any potential U.S. competitor," Christopher Galvin, Motorola's president, told a press conference following Kantor's announcement.

For President Clinton, the issue of cellular phone was "illustrative of our general problems" with Japan. Motorola, with leading edge in cellular phone technologies, sells 40 percent of such phones in the world.

In 1989, Japan agreed to let U.S.-made cellular phones enter its domestic markets, and the share in Japan's market by the Schaumberg, Illinois-based Motorola is supposed to reach one third to 50 percent by February 15, 1994.

"Despite an accord with Japan that was designed to open the cellular telephone markets, we still find ourselves struggling to gain access to Japanese market," Galvin said.

The issue of cellular phones has nothing to do with the trade framework talks between U.S. and Japan, although it coincided with the summit, whose failure is the first of its kind since the end of the second world war.

During the eight-month old trade talks, U.S. asked to set numerical standards to evaluate the open nature of the Japanese market. Naming it managed trade, Tokyo said no and withdrew from the talks.

The Americans are especially angry at the difficulty to enter Japan's markets of telecommunications, medical equipment, auto and auto parts, and insurance services, the four priority areas in the framework talks.

Noting that some Japanese officials blamed the lack of competitiveness as a reason for limited success of foreign producers in Japan, Kantor called the excuse "false and disingenuous."

Administration officials refused to anticipate if a full scale trade war with Japan is in breed, given the fact that such a conflict will impact not only Japanese companies but also American firms since the two countries are inextricably tied together in economies.

"We are doing a thorough evaluation. We are moving with our deliberate speeds on this issue," said Commerce Secretary Ron Brown.

He said recent comments by the administration are "very serious" and are not threatening words. "We're going to be consistent and insistent that American products, goods and services have an opportunity to compete fairly in Japanese markets."

Observers, meanwhile, listed many options facing the Clinton administration, including the revival of the Super 301 Trade Law, which asks the government to review unfair trade practices by foreign countries on an annual basis and impose sanctions in designated time.

President Clinton is reportedly going to issue an executive order this week to revive the trade law, which, in the late 1980's, was used to pry open Japan's markets of super computer, satellite and timber products.

The U.S. also intends to target the American affiliates of Japanese firms, some of which are accused of violating the anti-trust laws in the country, and to eye the European Union for multilateral approach in pressing Japan for more concessions in trade.

"We have a number of options in order to make sure we open markets in Japan. That's our goal," Kantor said. "All we are asking is for two-way street."

#### Spain, Hungary Favor Peaceful Solution in Bosnia

OWI602051994 Beijing XINHUA in English 0231  
GMT 16 Feb 94

[Text] Madrid, February 15 (XINHUA)—Prime Minister Felipe Gonzalez today urged NATO to refrain from launching air strikes against Bosnian Serb positions around Sarajevo, stressing that a settlement of the crisis could be found through peaceful means.

"Reconciliation dialogue" was the best way to ensure the withdrawal of Serb heavy weapons from around Sarajevo in an effort to end the siege of the city, Gonzalez said after talks with visiting Hungarian President Arpad Goncz.

The North Atlantic Treaty Organization (NATO) has threatened to launch air strikes against the Serbs' positions around Sarajevo if they fail to withdraw their heavy weapons from around the city by midnight GMT on Sunday [20 February].

The Hungarian president shared the view of Gonzalez. He told reporters upon arrival here that "every effort should be exerted to defuse the crisis without resorting to air strikes."

Also today, Spanish Defense Minister Julian Garcia Vargas said Spain favored diplomatic efforts to end the siege of Sarajevo, instead of the use of force as proposed by NATO.

He was speaking after returning from France where he had consulted with French officials on the Bosnian crisis.

The Bosnian Serbs have been under mounting international pressure to withdraw their heavy artillery from around Sarajevo since a mortar attack killed 68 civilians and wounded nearly 200 others in the city earlier this month.

The Muslims accused the Serbs of launching the attack, a charge the Serbs denied.

#### Greek Proposal Aims To Avoid Air Strike on Sarajevo

OWI602055294 Beijing XINHUA in English 0233  
GMT 16 Feb 94

[Text] Belgrade, February 15 (XINHUA)—Greece has raised a new proposal for avoiding NATO air strikes on Serbian positions around Sarajevo.

Visiting Greek Foreign Minister Karolos Papoulias told Serbian President Slobodan Milosevic today that the proposal includes two points: To demilitarize Sarajevo and put it under U.N. mandate for two years; and to press the Muslim side to accept the European Union peace plan which divides Bosnia into three ethnic states.

Milosevic and Papoulias agreed that any air strike on Serbian positions will undermine the Bosnian peace talks and will only encourage what they called "militants" to continue to refuse peace and prolong the war.

Papoulias also handed over a letter from Greek Prime Minister Andreas Papandreou to Milosevic.

Greece was the only NATO member country to oppose issuing an ultimatum to the warring Bosnian sides to remove their weapons from around Sarajevo at the NATO meeting last Wednesday [9 February] in Brussels.

Papoulias promised to do his best, while serving as the chairman of the European Union's ministerial meeting, to avoid the worst—air strikes.

He said air strikes will not help bring about peace in Bosnia, and a political settlement will benefit not only the Balkans, but also the whole of Europe.

It is not fair to only ask the Serbian side to withdraw weapons from around Sarajevo, he said, adding that the Muslim side should also be pressed to withdraw their weapons.

#### XINHUA 'Roundup' Views Major's Moscow Visit

OWI602051594 Beijing XINHUA in English 0135  
GMT 16 Feb 94

[("Roundup" by Zhang Tiegang: "Major's Moscow Visit Bolsters Anglo-Russian Ties")]

[Text] Moscow, February 15 (XINHUA)—British Prime Minister John Major's three-day official visit to Russia has helped push Anglo-Russian relations to the "highest level" in decades.

This conviction was shared by Major and Russian President Boris Yeltsin.

Major arrived in the Russian capital on Monday [14 February] night on his first-ever visit to the country. His talks with Yeltsin on Tuesday resulted in the signing of a package of documents and agreements on international issues.

Among the accords, the most important is an "unprecedented" statement on reciprocal non-targeting of strategic nuclear missiles no later than May 30, 1994. The statement envisages everyday control over Russian and British nuclear forces.

The two leaders also reached an essential agreement on joint military exercises starting from 1995 to increase their armed forces' capability "for interaction in peace-keeping operations."

Details of further military cooperation between the two sides were discussed by Russian Defense Minister Pavel Grachev and British Foreign Secretary Douglas Hurd behind closed doors.

Moreover, Hurd and his Russian counterpart Andrey Kozyrev signed an accord on cooperation in education, science and culture. They also signed a convention against double taxation to cement the basis of Russian-British economic relations.

According to official sources here, Britain was the third largest trade partner with Russia in 1993, when a trade volume of 2.8 billion U.S. dollars was registered.

Major also met with Russian Prime Minister Viktor Chernomyrdin to discuss further developing trade and economic relations.

Summing up the results of their talks in the Kremlin, both Major and Yeltsin told reporters that they held identical views on certain international issues, the Bosnian crisis in particular.

Major said he found "no major contradictions" with the Russian leader on the Bosnian problem and both leaders were committed to a peaceful settlement of the conflict.

Major said he and Yeltsin also agreed on the necessity to place under U.N. control the heavy weapons of the warring parties around Sarajevo, the capital of Bosnia-Herzegovina.

But major pointed to Russia's "certain misunderstanding of the essence of the NATO decision" to unleash air strikes against the Bosnian Serb positions around Sarajevo if the Serbs fail to withdraw their heavy weapons from around the city by midnight GMT on Sunday.

Yeltsin told reporters, "Our stands are identical on the main point—it is necessary to hand over to the U.N. forces the heavy guns deployed around Sarajevo. This measure will allow us to stop the shelling of that city."

However, the Russian president stressed, "Some people are trying to solve the problems of Bosnia without Russia. We shall not allow this to happen."

Diplomats here said other topics discussed by Major and Yeltsin were Russia's "interaction" with the Group of Seven industrialized countries and the European Union and Moscow's relations with the Baltic nations.

Major will leave Moscow for Nizhniy Novgorod, a major Russian city on the Volga, on Wednesday and from there he will depart for London later in the day.

#### Diplomats in Beijing View China's Progress

OW1602011494 Beijing XINHUA Domestic Service in Chinese 0342 GMT 12 Feb 94

[By reporters Yu Haisheng (0060 3189 3932) and Wen Jihua (2429 4949 5478)]

[Excerpts] Beijing, 12 Feb (XINHUA)—While the Chinese people were joyously celebrating the Spring Festival, diplomats in Beijing's consular district were also sharing their holiday joy.

There is still a chill in the air of Beijing in February, but the Friendship Palace of the Friendship Guesthouse is full of spring. On the stage, students from the Central University of Nationalities were displaying costumes and styles of China's minority nationalities. [passage omitted] Among the audience, Israeli Ambassador to China Ya'agov praised: "It's so beautiful! The long history and splendid culture of China are intoxicating."

It seems that China's achievements have even more impressed the ambassador who has been here for a half year. He said: "I am not long in China, but everything in China, particularly her progress over these years, has surprised me." [passage omitted]

#### The "Sinologue" "No Longer Recognizes China"

Speaking on China, Russian Ambassador to China Rogachev, who has enjoyed the nickname of "Sinologue," looked a little excited. He said: Since the founding of China, particularly since the 1980's, China has changed so greatly that "I can hardly recognize her." [passage omitted]

Rogachev said the greatest changes in China over these years can be seen in people's attitudes, words, and behavior. He said: "They are all very busy and have their own goals; they are very optimistic, which is obviously the result of continuous improvement in living standards."

#### The Practical "New Generation"

Cheerful Cuban Ambassador to China Guerra maintained that China's development over the decade or so is a "miracle."

Guerra paid his first visit to China in 1967, when the "Cultural Revolution" was in progress. At that time, he said, "People wore the same style of clothes, spoke, and behaved almost identically; one could hardly tell who was man and who was woman."

When he returned to Beijing in 1988, he found that Beijing had "completely changed." People's clothes have turned from dull blue, grey, and green to distinct colors; the wide streets, skyscrapers, and incessant flow of traffic all display the city's vitality.

From ordinary people's daily activities and codes of conduct, Guerra concluded: The most profound change in China is the renewal of people's thinking—the emergence of "a practical new generation."

#### The Large, Attractive Market

French Ambassador Presant [name as received] just returned from Shenzhen. He had participated in the ceremony for putting the No. 1 generator of the Dayawan Nuclear Power Plant into commercial operation there. In conversations, Presant showed his joy for the successful operation of this project.

Although he has been in office for one month, he has deeply sensed this country's vitality. He said: "Commercial complexes stand in Beijing everywhere; the thick commercial air here seems to match that in Paris." A two-day tour in Shenzhen allowed him to witness an extraordinary development in China. He said: "It is hard to imagine that Shenzhen was a small fishing village 15 years ago!"

Speaking on the prospects for economic cooperation, he said: The trade volume between France and China accounts for only 1.8 percent of France's foreign trade; "France's share in the big market of China does not match her position in the international economy and does not correspond to the potential of both countries. Presently, French enterprises in the energy, transportation, and telecommunications sectors strongly desire to cooperate with China, and the normalization of Franco-Chinese relations is good news to these enterprises."

#### "Difficulties in the Course of Development"

The ambassadors have also noticed some difficulties confronting China, including transport and energy shortages, unbalanced development among regions, the need to readjust the industrial structure, and others.

"Take transport as an example; nearly one-third of Russo-Chinese trade contracts could not be fulfilled in 1993 because of transport shortages," said Rogachev with regret.

As for the gap between eastern and western China, Guerra, who has inspected both Shanghai and Xinjiang, said: "They are at different levels, but they are both advancing. It is like two high jumpers—one jumps to the two-meter mark from his starting point at the one-meter mark, whereas the other jumps to the four-meter mark from the three-meter mark. In one sense, Xinjiang may be undergoing greater change, despite the fact that it will still take a long time to catch up with Shanghai."

Indian Ambassador to China Dasgupta felt that China needs to improve her basic education and occupational training. "As a country with a large population, China and India are both facing the problem of improving their population quality as quickly as possible," otherwise the population will adversely affect their "economic development and social progress."

Rogachev maintained: "There would be no progress if there were no difficulties. China's difficulties are occurring in the course of development; she will overcome all kinds of obstacles and accomplish greater achievements."

#### China's Progress Is "A Contribution to World Development"

[Passage omitted] Dasgupta maintained: As a country in which one-fifth of the world's population lives, China's rapid development will produce a profound influence on the whole world; it will be "a contribution to world development" and will inspire development in other countries.

Klara Meszaros is a female ambassador from Hungary; female ambassadors have been rare in China. She said in fluent Mandarin: "China is a country full of vitality and hope." [passage omitted]

This female ambassador was infatuated with China's ancient civilization, but she obviously showed more concern for China's reform. She said: "I am very glad to see China's progress; it will benefit the whole world."

#### United States & Canada

##### U.S. Missionaries Return From PRC After 5 Days' Detention

HK1502133594 Hong Kong AFP in English 1212 GMT 15 Feb 94

[Text] Hong Kong, Feb 15 (AFP)—A group of Hong Kong-based U.S. Christian missionaries returned to the colony Tuesday after being detained for five days under China's sweeping new laws to control religious activity.

Cathy Balcombe, wife of Reverend Dennis Balcombe of the Revival Christian Church, said her husband and his companions returned from China late in the day, exhausted and hungry.

"They are very tired," she said, adding that Balcombe was not giving telephone interviews for the time being.

Amnesty International had earlier said that a total of 10 Christians had been detained in central China last week, but the U.S. Embassy in Beijing said Tuesday that the three Americans among them had been freed.

Two Indonesians, two Hong Kong residents, and three Chinese detained along with the Americans were apparently still being held by the Public Security Bureau in Henan province, the London-based human rights group reported.

They were believed to be the first Christians detained under new regulations governing religion which took effect January 31 and restrict the religious activities of foreigners in China.

The U.S. Embassy said in a statement it had been informed by the Henan authorities that "the American Christians were released this morning."

Police and religious affairs bureau officials in the central province, contacted by AFP by telephone, said they were "unaware of the whole affair."

Amnesty International said Balcomoe, Daughin Chan and Paul Star, all U.S. nationals, were put under house arrest in a guesthouse in Fangcheng city following their detention last Thursday.

They were detained along with Hong Kongers Kok Fai Kwok and May Chong, Indonesian nationals Bam Bang Yang and Ina Yang, and three unidentified Chinese.

Amnesty urged the Chinese authorities to release the detainees, saying they were "at risk of being held without charge" for carrying out "peaceful religious activities."

Amnesty said the detainees "should be released unconditionally if not promptly charged with recognizable criminal offences in accordance with international standards."

It said the three Chinese were being held separately from the foreigners, who had been in Fangcheng since February 8 and intended to meet with Christians in villages in Henan.

#### **President Clinton Submits Economic Report to Congress**

*OW1502011694 Beijing XINHUA in English 0051  
GMT 15 Feb 94*

[Text] Washington, February 14 (XINHUA)—President Bill Clinton sent a 400-page economic report to the U.S. Congress today, saying that the U.S. economic expansion looks far brighter now than they did a year ago.

The economic report of the President, prepared by the council of economic advisers, forecast the economy will grow 3 percent in 1994 and will remain on track to create 8 million jobs in four years.

In 1993, the economy generated 162,000 new jobs per month, twice the 1992 pace. During the bush presidency, fewer than 1 million new private nonfarm jobs were created, the report said.

It also said that consumer spending should remain healthy because of continued gains in employment and output, and investment spending should remain strong because of low long-term interest rates and increasing demand.

The annual message from the president to the congress represented the first comprehensive exposition of the administration's short-term and long-term strategy.

The economic report argued that the administration's deficit reduction plan has been a major factor in the dramatic decline in long-term interest rates.

The report also laid out the administration's economic rationale for investing in people, technology, defense conversion and the environment.

Among the other solid signs of economic renewal cited in the report are:

- Business investment is surging over 1993. Spending for producers' durable equipment has expanded at the fastest pace since 1972.
- Housing construction has now clearly begun to accelerate. By December, housing starts had reached a 1.54 million annual rate, up 25 percent from their July rate.
- Real spending on household durable goods was more than 11 percent higher than the level of the year earlier in the fourth quarter of 1993.
- Inflation rate was just 2.7 percent during 1993, the smallest increase since 1986, while the core consumer price index, excluding food and energy, increased 3.2 percent, the smallest since 1972.
- The factory workweek reached its highest level in the post war period and overtime was the highest since the 1950s, indicating future increases in manufacturing output will be coupled with gains in employment.

#### **Columnist Views President Clinton's Budget Proposals**

*HK1402071094 Hong Kong TA KUNG PAO in Chinese  
9 Feb 94 p 3*

[“Political Talk” column by Shih Chun-yu (2457 0689 3768); “Clinton Administration’s New Budget Program”]

[Text] The Fiscal Deficit Is Likely To Drop for Three Successive Years

The Clinton administration introduced its budget for fiscal year [FY] 1995 (from October 1994 to September 1995) on 7 February. This is a contracting budget. According to the budget, the financial budget for

FY1995 will be reduced to \$176.1 billion through cutting defense expenditures, suspending over 100 government undertakings, laying off redundant civil servants, and administrative restructuring. The deficit will be \$100 billion less than estimated by the Bush administration. If this plan can be carried through, it will be the first time since the Truman administration that the United States has succeeded in reducing its deficit for three successive years.

The Clinton administration has focused on reforming the medical insurance system. If reform can be carried out successfully in FY1995, another \$11 billion will be saved.

According to the Clinton administration's new budget, total expenditure in 1995 will be \$1.518 trillion, up 2.3 percent over the previous year, while the total annual revenue is 1.342 trillion, up 7.4 percent over the previous year. The increase in annual revenue is due to the tax-raising policy introduced last year and to increases in tax revenue brought about by economic recovery.

#### The Growth Rate in 1994 is 3.1 Percent

Since the Clinton administration's new budget will bring the deficit down to \$176.1 billion, which is the lowest for the last six years, and the unemployment rate will go down slowly due to economic recovery, the United States' economic growth for 1994 and 1995 is estimated to hit 3.1 and 2.8 percent respectively, which shows that the U.S. economy is improving. Bill Clinton himself maintains that the goal of "a low inflation rate and a sustained and steady development of the economy" has been attained and he is more confident about future economic development.

It should be noted that the improvement in some economic indicators, such as the improvement in the unemployment and inflation rates, began during the Bush administration and have become more evident recently. Therefore, we cannot attribute all the economic improvement to Clinton, who has only been in office for a little more than a year.

#### Reduced Defense Expenditure in Post-Cold War Period

Continued cuts in defense spending in the post-cold war period have made it possible for the Clinton administration to reduce the deficit and apply itself to revitalizing the economy. Total defense expenditure for FY1995 (from October 1994 to September 1995) is \$263.7 billion, down 0.9 percent from the previous year. As a result, the Defense Department reduced its existing 1.6 million-strong army by 100,000 and decided to focus on improving the quality of national defense by building new aircraft carriers and more advanced submarines.

Apart from the defense department, 10 of the 14 most important departments, including the agriculture,

energy, and state departments, will slash their administrative expenditures according to their actual performance last year, which will result in, among other things, the laying off of 118,000 civil servants.

But the foreign trade deficit cannot be reduced by a big margin. The foreign trade deficit for FY1995 is estimated to stand at between \$135 and \$175 billion, and the international payments deficit at between \$105 and 145 billion, both higher than the actual figures for FY1993. What is of top importance is how Clinton will carry out reforms in the medical insurance system, the result of which is difficult to predict. Reforming the old, defective and wasteful medical care system involves the immediate interests of the American people. If the government cuts subsidies, this will meet great opposition from all quarters because smaller government subsidies means bigger individual burdens; but if the government gives in, the obstinate economic illness will defy a cure.

In addition, the government will lay off 252,000 civil servants in the next five years. These people, who will become jobless, will certainly oppose the Clinton administration's austerity policy. Therefore, a number of economists are not optimistic about specific reforms to the medical care system. It is still too early to say whether the unemployment rate will be reduced.

### Southeast Asia & Pacific

#### Hong Kong Stability 'Important' to Australia

OW1502150994 Beijing XINHUA in English 0929  
GMT 15 Feb 94

[Text] Canberra, February 15 (XINHUA)—The continuing prosperity and stability of Hong Kong in the transition to Chinese sovereignty are important to Australia, Prime Minister Paul Keating told visiting Hong Kong Governor Chris Patten today.

During a meeting with Patten in Sydney late this afternoon, Keating emphasized the importance of the economic ties between Australia and Hong Kong, government sources told XINHUA in a phone interview this evening.

The talks, lasting for more than one hour, were described by sources as friendly.

While details about the talks were not provided, sources said that the two leaders also discussed Hong Kong's role in the Asia Pacific Economic Cooperation (APEC) and regional development issues including security.

Hong Kong is among Australia's top 10 trading partners and has a total Australian investment of over 1.775 billion U.S. dollars.

Patten, currently on a 7-day visit here, claimed before the meeting that he hopes the visit will reinforce the economic and trade links between the two sides.

**XINHUA Cites Philippine Official on 'One-China' Policy**

OW14021114 Beijing XINHUA in English 1253  
GMT 11 Feb 94

[Text] Manila, February 11 (XINHUA)—Senator Bias Ople today cautioned against reported move in the House of Representatives to review the country's committed one-China policy.

This could "needlessly complicate our relations with foreign countries and even create incidents inimical to our national security," said Ople, chairman of the Senate Foreign Relations Committee.

Ople made the remark in the wake of reports that 97 congressmen had co-authored a House resolution calling for a review of the country's relations with China and Taiwan.

The resolution came out just one day after the clandestine meeting in Subic of President Fidel Ramos with Taiwanese leader Li Teng-hui, for which the Chinese Embassy here had already lodged a protest with the Philippine Government saying the incident had violated the agreed one-China policy.

"The sphere of foreign policy with respect to China and Taiwan is fraught with perils and this should be treated with great sensitivity, not knee-jerk emotional reactions or rank amateurism," Ople said in a statement.

He said that "(the House) move will be prone to misunderstanding and may cause unintended consequences."

He added that the country's political leaders should share President Ramos's attitude that friendly relations with China should be preserved and nurtured for the sake of the national interest.

"We want and we seek a mutually advantageous economic relationship with Taiwan, and value their cooperation, but this should be conducted in a manner consistent with our solemn undertakings under the 1975 covenant with China on a policy recognizing only one China," he said.

**China Study Center Set Up in Hanoi**

OW1402111494 Beijing XINHUA in English 1002  
GMT 4 Feb 94

[Text] Hanoi, February 4 (XINHUA)—A China Study Center was established here today and the inauguration was highlighted by a symposium held forthwith.

According to a decision by the Vietnamese Government, the center is a scientific research body subordinate to the Vietnamese Center of Social Sciences and Humanities.

The new center, with many divisions, will make comprehensive studies on China's history, culture, economy, politics, foreign policy and Vietnamese-Chinese relations.

**Near East & South Asia****Iranian President Praises China's Economic Progress**

OW1502080994 Beijing XINHUA Domestic Service in Chinese 1249 GMT 10 Feb 94

[By reporters Chen Ming (7115 6900) and Rong Song (2837 2646)]

[Text] Tehran, 10 Feb (XINHUA)—Iranian President Hashemi-Rafsanjani said today: China has made enormous accomplishments in economic progress. I believe this will improve in the future. He said: "I am optimistic about China's future development and about the prospects for bilateral relations between China and Iran."

Hashemi-Rafsanjani made the above statement today when meeting with Chinese Ambassador to Iran Hua Liming at the presidential office. Hua Liming conveyed Chinese President Jiang Zemin's greetings to Hashemi-Rafsanjani and extended President Jiang Zemin's congratulations on the 15th anniversary of the Islamic revolution. Hashemi-Rafsanjani asked Ambassador Hua to convey his regards to President Jiang Zemin and expressed his hope that China will attain greater economic achievements.

After the meeting, Hua Liming said to XINHUA reporters: China and Iran have been maintaining good bilateral relations. Both sides have developed cooperative ventures in various fields and have made remarkable progress, particularly in bilateral economic relations and trade. The bilateral trade volume has increased to more than \$700 million in 1993 from \$430 million in 1992. He said he believed that there are enormous potentials for developing economic cooperation between the two countries.

**XINHUA Interviews Official on IRIB Leadership Change**

OW1202191094 Beijing XINHUA in English 1848  
GMT 12 Feb 94

[Text] Tehran, February 12 (XINHUA)—Managing director of the Islamic Republic of Iran Broadcasting (IRIB) is reported to be changed after the IRIB was criticized by the Iranian Majlis (parliament) since last November.

According to the local daily "KAYHAN" today, the IRIB Chief Mohammad Hashemi, brother of Iranian President Hashemi-Rafsanjani, has resigned from his post, and Minister of Culture and Islamic Guidance 'Ali Larjani would replace him.

In a telephone interview with XINHUA, an official from the IRIB neither confirmed nor denied the report, saying that only the Iranian leader 'Ali Khamenei would decide whether the IRIB chief will be changed.

He said that he did not know if Mohammad Hashemi has given his resignation.

However, the state-run television tonight reported that Iranian leader 'Ali Khamene'i received Mohammad Hashemi and some IRIB directors today, praising the IRIB for its achievement during the past years.

IRIB has come under criticism for being too liberal.

Last November, a committee appointed by the Iranian Majles issued a long report, criticizing the IRIB for abusing its budget, broadcasting non-Islamic programs, using staff members of former shah regime.

The report brought out a hot debate between the Majles and the IRIB and some IRIB directors were forced to resign.

"KAYHAN" also said that Deputy Minister of Culture and Islamic Guidance Ahmad Pournajati [spelling of name as received] would be caretaker of the ministry before President Hashemi-Rafsanjani appointed a new minister.

The newspaper quoted sources "in some political circles" as saying that Kamal Kharrazi [spelling of name as received], the top man of Iran's United Nations mission, would be called back to head the Guidance Ministry, and would be replaced in New York by Hashemi.

The aim of the reshuffle is believed here to create a better working relationship with the local press.

#### Commentary Welcomes Palestinian-Israeli Cairo Agreement

HK1602115394 Beijing RENMIN RIBAO in Chinese  
12 Feb 94 p 3

[("Commentary" by staff reporter Liu Shuiming (0941 3055 2494); "A Positive Step in the Peace Process"]

[Text] Cairo, 11 Feb (RENMIN RIBAO)—Late at night on 9 February—just at the beginning of the Islamic Ramadan—'Arafat, chairman of the PLO Executive Committee, and Shimon Peres, Israeli minister of foreign affairs, initialed an agreement on implementing the principled declaration between Palestine and Israel in Cairo (referred to as the "Cairo Document" for short). This is another positive step in the Palestinian-Israeli peace process following the agreement on autonomy in Gaza and Jericho, which was signed between the two sides in Washington last year.

The "Cairo Document" was hard-won. As everybody knows, since the Palestinian-Israeli Principled Declaration went into effect, the two sides have set up four committees responsible for holding talks to implement the autonomy accord. Owing to the three major obstacles—control of passage, the Jericho area, and security in the settlement sites—the Palestinian-Israeli talks, especially those on troop withdrawal and security arrangements, were on and off and almost came to a standstill,

so that Israel was unable to begin withdrawing its troops as scheduled. Over the past few months, Palestinian and Israeli leaders took various opportunities to meet in Cairo, Oslo, Paris, Grenada, and Davos in a bid to break the stalemate and stop dragging on without a solution. Although some progress has been made in these meetings, no agreement could be reached because of the relatively wide differences between the two sides on the above issues. The current Cairo talks also experienced hardships and difficulties. It has been learned that President Mubarak positively acted as a mediator to help them out of the predicament five times in succession, in order to diminish their differences and enable the talks to go on. After nine rounds of marathon talks, an agreement on a number of crucial issues has finally been reached. The initialing of the "Cairo Document" is conducive to signing a final agreement between Palestine and Israel and will also have a positive impact on pushing forward the peace process in the Middle East and making progress in other areas. Hence, it has been widely welcomed and seriously heeded by public opinion throughout the world.

The "Cairo Document," which is more detailed and specific, is the first document toward the implementation of the Palestinian-Israeli principled declaration. It is composed of two agreements, which primarily involve the control of border passage and security arrangements for the future Palestinian autonomous regions. It covers several issues, including the general principle on the passage control in Gaza and Jericho, the external security during the transition period, the supervision of passage control, entry and exit procedures for the territory, the examination of passengers, and the establishment of a liaison office. Although the "Cairo Document" did not resolve all the security problems concerning the future autonomous region and the Jewish settlement sites, it has removed the major obstacles to the implementation of the principled declaration. The signing of the document reflected the spirit of trust, cooperation, flexibility, and accommodation shown by the two sides. The PLO maintains: "Although the "Cairo Document" failed to satisfy all the demands of the Palestinian side, generally speaking, it is a good agreement." The Israeli side has said that the "Cairo Document" takes its security requirements into consideration and does not infringe upon the dignity of the Palestinians."

Of course, the "Cairo Document" has also met with some opposition. For example, Shamir, former leader of the ultra-right-wing Likud and prime minister of Israel, called the "Cairo Document" an "investment agreement," which, he said, has ruined all the "fruits of victory" gained by Israel in the past 27 years and runs counter to Israel's future, security, and interests.

The initialing of the "Cairo Document" does not mean that the Palestinian-Israeli peace train is now on the easy path, given the great number of outstanding problems that are awaiting a solution between the initialing of the document and the conclusion of a final agreement. An example is the actual area covered by the Jericho region

and the Jewish settlement sites in Gaza, which have not been determined up to now. Although 'Arafat has signed the map that indicates the scope of the future Jericho autonomy, he still has some reservations on the issue. The Israeli side promised to make its final decision during the meeting between 'Arafat and Rabin. Also, the size and power of the future Palestinian police and the role of the electoral organs of the Palestinian autonomy have not been defined, and the detailed rules regarding the transfer of administrative power and the economic relations between Palestine and Israel still require further negotiations. Even though such problems and difficulties exist on the road of implementing the Palestinian-Israeli principled declaration, they will possibly discover relatively satisfactory ways of settlement and achieve the anticipated goals, as long as both sides continue to work assiduously for these aims.

**Yemen 'Deeply Concerned' About Kidnapping of Experts**

*OW1502200094 Beijing XINHUA in English 1947  
GMT 15 Feb 94*

[Text] Sanaa, February 15 (XINHUA)—Yemeni Interior Minister Yahya Muhammad al-Mutawakkil

received today Chinese ambassador to Yemen Li Liugen to discuss the question of the kidnapped Chinese experts.

Three Chinese experts were kidnapped on February 12 by three gunmen in a site 47 kilometers away from Jihanah.

The minister said that Yemeni President 'Ali 'Abdallah Salih and the Yemeni Government are deeply concerned about this question.

The three Chinese experts belong to a technical team working on the Jihanah-Ma'rib road construction project.

The concerned Yemeni authorities are working out the necessary measures for peacefully solving this question, the minister said.

He stressed he is confident that the three experts will be set free soon.

Well-informed sources told XINHUA that representatives of the Chinese team had managed to visit the three kidnapped and found they are healthy.

Political & Social

**Son Says Deng Xiaoping 'In Good Health'**

HK1602114494 Hong Kong AFP in English 0919 GMT  
16 Feb 94

[Text] Beijing, Feb 16 (AFP)—Deng Xiaoping drank excessive amounts of alcohol during his youth, his son Deng Pufang was quoted as saying in the Shanghai Wen Hui Bao newspaper on Wednesday [16 February]. During a meal, washed down with plenty of wine, in the Shanghai home of film maker Xie Jin, Deng Pufang said he had inherited a taste for alcohol from his father. The elder Deng Was "a big drinker when he was young," his son was quoted as saying.

Deng Pufang also said his father "is presently in good health," adding that he "would like to spend Chinese New Year in Hong Kong after 1997," when Beijing will have regained control over the British colony.

Deng Xiaoping, accompanied by his son, was in Shanghai last week to celebrate the lunar new year. The elder Chinese statesman appeared on Chinese television February 9, for his first public appearance in a year, but seemed weak and with constant support from two of his daughters.

**Dictionary of Deng's Works To Be Published**

OW1602115794 Beijing XINHUA Domestic Service in Chinese 0840 GMT 16 Feb 94

[Text] Beijing, 16 Feb (XINHUA)—A number of new publications on social sciences, including *A Dictionary of the "Selected Works of Deng Xiaoping,"* which offers categorized explanations of all the works contained in Volumes 1, 2, and 3 of the *Selected Works of Deng Xiaoping*, soon will be available to the reading public.

According to a briefing on the seventh book fair held by "10 federations of societies of social sciences" in the capital today, Comrade Bo Yibo acted as the chief adviser for *A Dictionary of the "Selected Works of Deng Xiaoping."* The dictionary contains more than 1,800 entries under seven categories: a guide to the works, theses on ideology, [historical] figures, incidents, meetings; documents on books, newspapers, and periodicals; and terms and terminology. They offer comparatively profound and systematic expositions on the historical background leading to the conception, evolution, and development of Deng Xiaoping's theory on building socialism with Chinese characteristics as well as the great successes it has achieved, thereby demonstrating the rich contents and profound significance of the theory.

It has been learned that 10 publishing houses under the central authorities—the People's Publishing House, the People's Literature Publishing House, the Party Central School Press, the China Children's Publishing House, the China Social Sciences Publishing House, the China

Youth Publishing House, the World Knowledge Publishing House, the Law Publishing House, the International Culture Publishing Company, and the XINHUA Publishing House—will also put on display during the book fair nearly 3,000 publications on social sciences, including *A Special Volume of Television Lectures in a Series on a Few Current Major Reforms of the Economic System*, *A Treasury of World-Famous Literary Works*, the *Encyclopedia of the Official Business of the Chinese Government*, *A General History of China*, the *Selected Works of Yang Jiang*, the *Series on Entering the International Market*, *Eight Marshals of Two Campaigns*, *A Comprehensive Book on the Classifications of PRC Laws*, the *Latest Comprehensive Practical Book on China's Auditing System*, and *A Comprehensive Book on the Socialist Market Economy*.

**Movie on Deng's 'Later Life' Planned**

HK1602101394 Hong Kong SOUTH CHINA MORNING POST in English 16 Feb p 7

[By Geoffrey Crothall in Beijing]

[Text] In an attempt to further develop the cult of China's "chief architect of reform", Deng Xiaoping, a new film about the patriarch's later life is about to go into production.

The movie follows the publication of the third volume of Mr. Deng's collected works, the first volume of the biography written by his daughter, Deng Rong, and numerous semi-official books and magazine articles about his life and works.

Posters and badges featuring the face of the "chief architect" have also started to make their appearance in the shops, evoking memories of the personality cult which surrounded Chairman Mao Zedong towards the end of his life.

Analysts said the mass of publicity surrounding Mr. Deng was designed to establish a definitive place for the patriarch in the annals of Communist Party history before he finally dies. A Western diplomat said: "Deng is obviously in a very poor state of health and I get the feeling there is an increased sense of urgency about getting the Deng cult in place before he goes to meet Marx."

The new film is to be directed by Ding Yinnan, who has previously made feature films about the lives of the founder of the Chinese Republic, Sun Yat-sen and the late premier of the People's Republic, Zhou Enlai.

Film industry sources say that Ding was chosen largely because of his sycophantic and sanitised depiction of Zhou in the 1991 movie. Although the director and the screenplay have been finalised, the film studio has still not found an actor for the lead role. Such roles have traditionally gone to actors a close resemblance to the lead character.

"I heard the main problem was finding someone the same height," a Beijing based film producer said Mr. Deng is just over 1.5 metres tall.

### State Council Enlarged Plenary Session Opens

**Li Peng, Zhu Rongji Attend**

*OW1502132794 Beijing XINHUA Domestic Service in Chinese 1124 GMT 15 Feb 94*

[By Central People's Broadcasting Station reporter Liu Zhenying (0491 2182 5391), and XINHUA reporter He Ping (0149 1627)]

[Text] Beijing, 15 Feb (XINHUA)—Premier Li Peng chaired the fifth (enlarged) plenary session of the State Council this afternoon to discuss the government work report (draft for soliciting comments) to be submitted to the second session of the Eighth National People's Congress [NPC] for deliberation.

Li Peng said at the meeting that 1993 was a year in which the nation fully implemented the guidelines laid down by the 14th national party congress and proceeded victoriously along the course of building socialism with Chinese characteristics; major successes were achieved in reform, opening up, and modernization; new situations appeared in work in all fields; and the tasks which the first session of the Eighth NPC set for the year were basically accomplished.

He said: The year 1994 is important for the national economy to maintain its good developmental momentum and a year crucial for expediting reform. On the basis of fully analyzing the situations at home and abroad, the CPC Central Committee has clearly defined the basic principle governing the work of the whole party and the whole country. This principle is: Under the guidance of Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics and the guidance of the party's basic line, we should fully implement the guidelines laid down by the 14th national party congress and the Third Plenary Session of the 14th CPC Central Committee; accelerate the process of building a socialist market economic system; maintain sustained, rapid, and healthy national economic development; maintain political stability; and expedite social progress in all fields. The CPC Central Committee stressed that seizing the opportunity, deepening reform, opening up wider to the outside world, promoting development, and maintaining stability are requirements of overall importance for the whole party and the whole country. The State Council and governments at all levels must clearly understand these requirements while doing their work in all fields and must earnestly and properly handle the relationship among reform, development, and stability. We must continue to be firm in handling things in two areas at the same time, namely: While concentrating our efforts on promoting economic development and reform, we must make positive efforts to develop science and technology education and cultural services, intensify

construction of socialist spiritual civilization, and intensify construction of a socialist democracy and legal system. This is also the basic principle we followed while drafting the government work report.

Li Peng said: The government work report has been printed and distributed to all departments, all relevant units, and all provinces, municipalities, and regions to solicit their comments. The purpose of doing so is to pool the ideas of all quarters so that the government work report can embody the views and wishes of all social circles, and so that the government will be able to do its work more effectively.

During the meeting today, Wang Mengkui, deputy director of the State Council Research Office and person in charge of the government work report drafting panel, reported on the drafting of the report.

Taking the floor one after another, Zhu Kaixuan, minister in charge of the State Education Commission; Cao Qingze, minister of supervision; Li Boyong, minister of labor; Wu Jiquan, minister of posts and telecommunications; Liu Jiang, minister of agriculture; Xu Youfang, minister of forestry; Chen Minzhang, minister of public health; Lu Peijian, auditor general; Zhu Xun, minister of geology and mineral resources; Hou Jie, minister of construction; Shi Dazhen, minister of power industry; Gu Xiulian, minister of chemical industry; and Wu Yi, minister of foreign trade and economic cooperation, discussed the government work report (draft for soliciting comments) and expressed their views on places that need to be amended.

Zhu Rongji, Zou Jiahua, Qian Qichen, Li Lanqing, Chi Haotian, Li Guixian, Chen Junsheng, Peng Peiyun, Luo Gan, and other State Council members attended the meeting.

Responsible persons of relevant departments under the CPC Central Committee, the State Council, the NPC, the National Committee of the Chinese People's Political Consultative Conference, the Central Military Commission, the Supreme People's Court, and the Supreme People's Procuratorate attended the meeting as observers. Responsible persons of various democratic parties, the All-China Federation of Industry and Commerce, and mass organizations, as well as personnel without party affiliations also attended the meeting as observers.

### Li Peng Presides

*OW1502150894 Beijing XINHUA in English 1452 GMT 15 Feb 94*

[Text] Beijing, February 15 (XINHUA)—The State Council, or Chinese cabinet, this afternoon held its fifth plenary meeting.

It discussed the draft of its report on government work which will be submitted to the forthcoming second session of the Eighth National People's Congress (NPC) for deliberation.

Premier Li Peng presided over today's enlarged plenary meeting.

He told the council that 1993 was the year when China carried out the spirit of the 14th national congress of the Communist Party of China (CPC) in an all-round way, and marched victoriously forward along the road of building socialism with Chinese characteristics.

Great achievements were made during the year in the reform, opening up and socialist modernization drive and all other aspects of work. The annual tasks set for the year by the first NPC session were basically accomplished, he said.

Premier Li said 1994 is an important year for China to maintain a sustained and healthy development of the national economy and a critical year for the country to make further reforms.

On the basis of a comprehensive analysis of the current domestic and international situation, he said, the CPC Central Committee had put forth a basic principle for the work of the whole party and the whole nation this year.

The principle is to be under the guidance of comrade Deng Xiaoping's theory of building socialism with Chinese characteristics and the party's basic line, carry out in an all-round way the spirit of the 14th CPC National Congress and the Third Plenary Session of the 14th CPC Central Committee, speed up the pace of building a socialist market economic system, ensure a sustained, quick and healthy development of the national economy, maintain political stability, and promote social progress in an all-round way.

Premier Li said that the CPC Central Committee had emphasized that to seize the current opportunity to deepen the reform, open wider to the outside world, promote development and maintain stability are the major tasks of the whole party and the whole nation.

The State Council and governments at other levels should keep this in mind in every aspect of their work and seriously handle the relations between reform, development and stability.

While concentrating efforts on promotion of economic development and reform, it is also necessary to actively develop the causes of science, technology, education and culture, greatly promote cultural and ideological progress of the socialist society, raise the level of socialist democracy, and improve the socialist legal system.

The draft of the government work report has been printed and distributed to all the departments, provinces, municipalities, autonomous regions and other units involved to solicit suggestions so as to draw on collective wisdom and absorb all useful ideas.

Wang Mengkui, deputy director of the Research Office of the State Council and head of the group in charge of drafting the government work report, gave today's

meeting an introduction to the process of drafting the report. Many ministers of the State Council voiced their opinions on revisions of the draft.

Among those at today's meeting were Vice-Premiers Zhu Rongji, Zou Jiahua, Qian Qichen and Li Lanqing, as well State Councillors Chi Haotian, Li Guixian, Chen Junsheng, Peng Peiyun and Luo Gan.

Some other leaders of the CPC Central Committee, State Council, NPC, National Committee of the Chinese People's Political Consultative Conference, Central Military Commission, Supreme People's Court, Supreme People's Procuratorate, non-communist parties, and mass organizations also attended the meeting as observers.

#### 'Ferocious Debate' Over Work Report

HK1602115194 Hong Kong SOUTH CHINA MORNING POST in English 16 Feb 94 p 7

[By Willy Wo-lap Lam]

[Text] A ferocious debate has started over the final draft of Prime Minister Li Peng's Government Work Report to the National People's Congress (NPC) which will lay down the directions of economic development for 1994. However, in the interest of preserving the facade of unity, the senior leadership has asked officials, academics and the media to stop open debates about controversial issues including the national growth rate.

In a rare move, Mr. Li yesterday invited regional cadres, experts and noncommunist politicians to air their views on the report, which will be presented to the NPC when it opens on March 10.

The principles underlying the report were disclosed by the premier at an enlarged meeting of the State Council yesterday. "We must seriously handle well the relationship between reform, development and stability," XINHUA (the NEW CHINA NEWS AGENCY) last night quoted Mr. Li as saying.

The premier repeated the development strategy adopted by the Politburo last month: "Seize the opportunity; deepen reform; expand the open door; promote development; maintain stability." He added the report would be guided by patriarch Deng Xiaoping's theory for building socialism with Chinese characteristics.

The drafting team of the report is headed by the Deputy Director of the State Council Research Office, Wang Mengkui, regarded as a cautious technocrat.

Sources said the report would give pride of place to stability, and that in spite of the reference to Mr. Deng's edicts, his ideal about "fastpaced reform and growth" had been dropped. For example, the Politburo has decided that, to curb hyperinflation and fixed-assets investment, the growth rate must be scaled down from 13 per cent last year to nine per cent.

The sources said, however, that the leadership was thrown off balance by statements made by Mr. Deng in Shanghai last week. Following his practice for the past three years, Mr. Deng exhorted the Shanghai leadership to "go faster" in economic development.

While the patriarch had made no direct reference to other provinces and open cities, his words of encouragement to Shanghai were seen by regional cadres as support for their high-growth strategies.

Chinese economists said the nine per cent growth rate, which would be written into the report, would encounter opposition. They said if Beijing failed to restore financial discipline, a new austerity programme similar to the one launched in June, could not be ruled out for the second half of this year.

Beijing, however, was anxious to keep the debates about the growth rate under wraps.

While Mr. Li was preparing the final drafts of his Government Work Report, the Politburo and Cabinet were mapping out ways to ensure that local administrations and enterprises did not embark on another wave of excessive investments.

### Rong Yiren Inspects Enterprises in Guangdong

OW1502143294 Beijing XINHUA Domestic Service in Chinese 0838 GMT 15 Feb 94

[By reporter Ling Guangzhi (0407 1639 1807)]

[Text] Guangzhou, 15 Feb (XINHUA)—Vice President Rong Yiren recently inspected work in Guangdong and emphatically noted: In establishing a socialist market economy, it is necessary to attach importance to and meet people's increasing demands for material and spiritual culture. Every economic activity should be profitable, but that does not mean we should be intent on nothing but profit. As long as we develop material civilization as well as spiritual civilization, the prospects for developing a socialist market economy are great.

In the company of Lin Ruo and Xie Songkai, chairman and vice chairman of the Guangdong Provincial People's Congress Standing Committee, and Vice Governor Li Lanfang, Rong Yiren visited large state enterprises, Zhuhai Special Economic Zone [SEZ], a high agro-technology breeding base, and farmers' markets for inspection from 1 to 15 February.

In Jiangmen Fufa Glass Factory, Rong Yiren was briefed on the factory's situation. Production has been in a depression since operations began in 1988. The factory registered over 10 million yuan in losses in 1991. In the past two years they strived to develop markets and vigorously set up joint ventures, and last year they registered 140 million yuan in profits and taxes. After the briefing, Rong Yiren said happily: It was not easy for you to withstand losses and develop at such a rate over

the past two years; you should seriously sum up experiences and lessons. Under the new situation of an increasingly changable market, output of some products should be cut back, whereas that of others should be increased greatly. It is very good that you have met the market's demands and enhanced the enterprise's staying power by relying on scientific progress, engaging in sophisticated processing, and developing new products. State enterprises can expand their scale of production and business scope by running joint ventures with foreign capital, but they should pay attention to properly assessing state assets and make sure that their value is maintained and increased. While foreign investors are making money through the joint ventures, we should not be suffering losses. This is equality and mutual benefit.

Rong Yiren visited Zhongshan Weili Group Corporation's two production lines for washing machines and air conditioners, carefully inquiring into the company's production, management, and development plan. He emphatically noted: Enterprises should grasp the word "competition" in development. An unwavering competitiveness should be built up by constantly meeting people's demands. This will require excellent product quality, a steady stream of new products, and good after-sale service. Many enterprises with difficulties should study your new development method of upgrading technology and developing new products on your own.

At the beginning of the [lunar] new year, Rong Yiren inspected western Zhuhai's port and airport, still under construction, in spite of the rain and was briefed on Zhuhai's development by Liang Guangda, party secretary and mayor. He expressed his satisfaction with the achievements made in Zhuhai SEZ and its overall development program currently under way. He hoped that comrades in Zhuhai would make meticulous plans, develop steadily, and do a good job in two important tasks—collecting capital for construction and absorbing persons of different skills. Rong Yiren also went to Jiangmen Ostrich Breeding Farm and three farmers' markets in rural areas of Zhongshan City. He encouraged agrotechnologists in Jiangmen City to promote ostrich breeding—a highly technological project with good economic returns—strive to industrialize, and create a new industry through scientific means.

On the eve of the Spring Festival, Rong Yiren extended his holiday greetings to citizens of Zhongshan City and Overseas Chinese via TV in Zhongshan City—a city known as hometown of many Overseas Chinese. He warmly welcomed "fellow townsmen" abroad to come back and have a look at their hometown and generously support its economic construction.

### Hu Jintao Attends Beijing Tibetan New Year Party

OW1602055494 Beijing XINHUA Domestic Service in Chinese 0951 GMT 6 Feb 94

[Text] Beijing, 6 Feb (XINHUA)—The Tibetan Year of the Dog starts on 11 February. Hu Jintao, member of the

**Standing Committee of the Political Bureau of the CPC Central Committee and member of the Secretariat, celebrated this traditional Tibetan festival with 300 Tibetan compatriots in Beijing today.**

Nima Ciren [1441 3854 2945 0088], director of the Office of the Tibet Autonomous Region in Beijing, spoke at today's tea party marking the Tibetan Year of the Dog. He said: Under the guidance of Comrade Deng Xiaoping's theory on building socialism with Chinese characteristics and thanks to the generous support of people across the nation, Tibet made heartening progress in socialist construction in the past year. The region crossed a new threshold in its economic development, and achieved major progress in all sectors including education, science and technology, communications, and tourism. Last year Tibet witnessed rapid economic development, political stability, social progress, progress in all of its undertakings, harmony and unity among nationalities, and marked progress in the people's living standards.

Nima Ciren said: In the new year, we are resolved to rally more closely around the CPC Central Committee with Comrade Jiang Zemin as the nucleus, advance in a pioneering spirit and with confidence, and work to build a united, prosperous, and civilized socialist Tibet.

Also present at the tea party were Luo Gan, state councillor and secretary general of the State Council; Wang Zhaoguo, vice chairman of the Chinese People's Political Consultative Conference [CPPCC] and director of the United Front Work Department of the CPC Central Committee; Zhao Puchu, vice chairman of the CPPCC national committee; Chen Kuiyuan, secretary of the Tibet regional CPC Committee; Raidi, deputy secretary of the Tibet regional CPC Committee and chairman of the Standing Committee of the regional People's Congress and leading comrades of relevant central departments and Beijing City.

#### **Reportage on Leaders' Activities 4-11 Feb**

*OW1102080194*

[Editorial Report] PRC media carried the following reports on PRC leadership activities from 4-11 February, including activities during Spring Festival. The source is noted in parentheses after each report.

#### **Spring Festival Activities**

##### **Jiang Zemin Attends Army, People Soiree**

An evening of entertainment for the army and people was held at the China Theater on 5 February to usher in the Spring Festival. Leading comrades Jiang Zemin, Li Ruihuan, Liu Huqing, and Hu Jintao watched the performance with representatives from all over the country. Also present at the occasion were Li Lanqing, Qian Qichen, Wei Jianxing, Wang Hanbin, Zhang Zhen, Ren Jianxin, Ni Zhifu, Li Ximing, Chi Haotian, Li Guixian, Peng Peiyun, Luo Gan, Hong Xuezhi, Zhang

Wannian, Yu Yongbo, and Fu Quanyou. Jiang Zemin, Li Ruihuan, Liu Huqing, and Hu Jintao shook hands and had a group photograph taken with performers and stage workers after the performance. (Beijing XINHUA Domestic Service in Chinese 1607 GMT 5 Feb 94)

##### **Rong Yiren at Guangzhou Army-People Soiree**

State Vice President Rong Yiren attended an army-people Spring Festival soiree in Guangzhou on 8 February. The soiree was jointly hosted by the Guangdong Provincial CPC Committee, the Guangdong Provincial People's Government, and the Guangzhou Military Region. Also present at the event were Tian Jiyun, member of the CPC Central Committee Political Bureau and vice chairman of the National People's Congress (NPC) Standing Committee; Xie Fei, member of the CPC Central Committee Political Bureau and secretary of the Guangdong Provincial Party Committee; and Henry Fok Ying-tung, vice chairman of the National Committee of the Chinese People's Political Consultative Conference (CPPCC). (Beijing XINHUA Domestic Service in Chinese 1253 GMT 8 Feb 94)

##### **Zhu Rongji Attends Gathering in Sichuan**

Sichuan Province held a Spring Festival get-together in Chengdu on 8 February. Zhu Rongji, Standing Committee member of the CPC Central Committee Political Bureau and vice premier of the State Council, and He Chunlin, deputy secretary general of the State Council General Office, attended the get-together. Zhu Rongji extended cordial regards and holiday greetings to Sichuan people on behalf of the party central committee and the State Council. Xie Shijie, secretary of the Sichuan Provincial CPC Committee, presided at the gathering, which was attended by Governor Xiao Yang and Zhang Zhiqian, political commissar of the Chengdu Military Region. (Chengdu Sichuan Television Network in Mandarin 1145 GMT 8 Feb 94)

##### **Li Lanqing at Teachers' Celebration**

A pre-Spring Festival tea party for 3,000 teachers and education workers from Beijing, Tianjin, and Hebei was held at the Great Hall of the People on 5 February. Li Lanqing, member of the CPC Central Committee Political Bureau and vice premier of the State Council, extended holiday greetings and cordial regards to the participants on behalf of the party central committee and the State Council. He thanked the teachers for their contributions and noted that the party central committee, the State Council, and peoples' governments at all levels had got "certain results" from efforts to improve the social status, wages, and treatment of teachers. However, he also noted: "Some localities were behind in their payment of teachers' salaries not long ago. That was definitely intolerable. The party central committee, the State Council, and the State Education Commission have made repeated injunctions on this, and all localities have adopted measures to clear their debts. There should, however, be no further defaults. If

there are, we will act according to the law and ascertain which leaders of governments at every levels are responsible." (Beijing XINHUA Domestic Service in Chinese 0950 GMT 5 Feb 94)

#### Ren Jianxin, Luo Gan Greet Armed Police

On the morning of 8 February, Ren Jianxin, member of the CPC Central Committee Secretariat and secretary of the Central Commission on Politics and Law, and Luo Gan, state councillor and deputy secretary of the Central Commission on Politics and Law, visited the Niujie police station in Xuanwu district, and the 11th Detachment of the Beijing Municipal People's Armed Police Corps to relay cordial regards and holiday greetings from leading comrades of the CPC Central Committee and State Council. Ren Jianxin hoped the large number of public security police and officers and men of the people's armed police would "make more and greater contributions to deepening reform, opening wider to the outside world, and promoting economic development and social stability under the guidance of Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics." (Beijing XINHUA Domestic Service in Chinese 0734 GMT 8 Feb 94)

#### Hu Jintao Attends Veteran Cadres Party

An evening party for veteran cadres was held at the Great Hall of the People on 7 February to usher in the Spring Festival. Hu Jintao, Standing Committee member of the CPC Central Committee Political Bureau, attended the party, which was hosted by the central organization department and the personnel department. (Beijing XINHUA Domestic Service in Chinese 1314 GMT 7 Feb 94)

#### Liu Huaqing in Xiamen With Army

On 10 February, Liu Huaqing, Standing Committee member of the CPC Central Committee Political Bureau and vice chairman of the Central Military Commission, attended a Spring Festival get-together in Xiamen city and spent a happy festival with more than 1,000 armymen and civilians. On 9 February, he visited the officers and men of the "Good Eighth Company on Gulangyu," extended new year greetings to them, and "hoped that in the new year, everybody will unite around the party central committee with Jiang Zemin as the core and make new achievements." He was accompanied on his trip by Gu Hui, commander of the Nanjing Military Region. (Beijing XINHUA Domestic Service in Chinese 0854 GMT 10 Feb 94)

#### Wang Hanbin, Song Renqiong Attend Bridge Game

The Bridge Association of China and the Bridge Association of Beijing Municipality recently hosted a string of bridge competitions to usher in the Spring Festival. Leaders of central and state organs and veteran comrades Wang Hanbin, Song Renqiong, Wu Shaozu, He Guangyuan, and Liu Jiang took part. (Beijing XINHUA Domestic Service in Chinese 1539 GMT 7 Feb 94)

#### Reports on Other Activities

##### Song Ping Inaugurates Memorial Hall

The "Tianjin Deng Yingchao Memorial Hall," whose title was inscribed by General Secretary Jiang Zemin, was inaugurated on 4 February, the 90th birth anniversary of Comrade Deng Yingchao. Comrade Song Ping and Yang Dezhong, deputy director of the CPC Central Committee General Office, inaugurated the building at a ceremony presided over by Zhang Lichang, mayor of Tianjin Municipality, and Gao Dezhao, secretary of the municipal party committee. (Beijing XINHUA Domestic Service in Chinese 0935 GMT 4 Feb 94)

##### Zhu Rongji, Zou Jiahua Order Mining Safety

On 4 February, a national emergency teleconference on safety and production in coal mines was jointly held by the Ministry of Labor and the Ministry of Coal Industry upon the instructions of Zhu Rongji and Zou Jiahua. The meeting reported on recent coal mine accidents, which had resulted in injuries and deaths, and urged relevant departments and enterprises to improve the situation to ensure that the nation's 7 million mine workers spent their Spring Festival without mishap. (Beijing XINHUA Domestic Service in Chinese 1352 GMT 4 Feb 94)

##### Li Lanqing Inspects Beijing's Business Area

Accompanied by Beijing Mayor Li Qiyan on the morning of 9 February, Li Lanqing, member of the CPC Central Committee Political Bureau and vice premier of the State Council, inspected the Tianqiao Supermarket and the Hong Qiao Agricultural Trade Market in Beijing. At a discussion with cadres from the municipality's industry and commerce administrations at the trade market, he said: "Industry and commerce administrations are important law enforcement departments, the front army which guarantees the smooth progress of reform, and an important component part of the state's administrative machine." He hoped they would make greater contributions to the development of national economy. (Beijing XINHUA Domestic Service in Chinese 0951 GMT 9 Feb 94)

##### Chi Haotian Sends Calligraphy to Generals

Dozens of generals recently gathered together to discuss Senior General Li Yu's outstanding contributions to China's revolution and army building. Chi Haotian, member of the Central Military Commission, sent them his new calligraphy works. (Beijing XINHUA Domestic Service in Chinese 0508 GMT 7 Feb 94)

##### Li Tieying At Financial Aid Ceremony

The Shanghai Stock Exchange decided to provide annual financial aid worth 2.5 million yuan Renminbi to the Central Philharmonic Orchestra this year. Li Tieying and Liu Zhongde attended the ceremony to sign relevant

letter of affirmation on 8 February. (Beijing XINHUA Domestic Service in Chinese 0840 GMT 8 Feb 94)

**'Experts' Discuss Problems of Social Change**  
HK1502143394 Hong Kong MING PAO in Chinese  
14 Feb 94 p a6

[By special reporter Ching Chi (5427 2765): "Four Major Problems in China's Society Connected With the Serious Situation of Abusing Power for Private Gain and Corruption"]

[Text] As China's restructuring and economic construction has entered a critical period, the development of the social situation is becoming more and more important. A few days ago, a number of experts spoke on four major existing problems when analyzing and forecasting the social situation in China.

1. Severe conflicts and problems have arisen in some important social and economic fields. Consequently, social lives are being markedly affected, and there are more unstable factors appearing in the social order.

It has been learned that, from January to September 1993, the cost of living in large and medium cities in China reached the highest growth rate compared with the same periods over the past several years. At the same time, the unemployment rate has been increasing, and the number of all sorts of cases handled by the public security organs has also increased slightly compared with that of the same period of last year. In addition, the blind establishment of development zones became a very severe phenomenon. This kind of chaotic economic life affects the overall mentality of society and has an adverse effect on the country's political, economic, and social life.

2. Corrupt practices committed by a handful of officials have been quite severe. They have abused power for private gain and have squandered and embezzled state property, which does great damage to the image of the party and the state and corrupts social values. According to the statistics, from January to September 1993, over 5,000 party and state functionaries were involved in cases cracked by procuratorial organs throughout the country, including 20 cadres at the department and bureau levels, one cadre at the vice-minister level, and more than 1,100 judicial personnel who were prosecuted for committing crimes. During this period, over 40,000 economic cases of corruption, bribery, and embezzlement of public funds were placed on file for investigation, including nearly 24,000 large cases, each involving over 10,000 yuan, and a total of 504 officials at and above the county and department levels.

3. Not much progress is being made in readjusting various social relations. Those which are most important are: The relations between the central and local authorities are being affected by some negative factors, and the gap between the coastal developed areas and other localities is widening. The growth of investment along

the coastal areas in eastern China is obviously higher than that of the areas in central and western China. As far as the investment made by state-owned units in October 1993 was concerned, investment made by 12 coastal areas in East China exceeded 43 billion yuan, registering an increase of nearly 76 percent over that of the same period last year. Investment made by eight areas in central China exceeded 16 billion yuan, an increase of 40 percent, and investment made by nine areas in West China reached 8.6 billion yuan, which merely increased 20 percent. Moreover, it is still very obvious that the gap between urban and rural income is putting more and more peasants in a psychologically unbalanced state.

4. The extent of conformity in terms of social ethics and value concepts is lower; money worship has become a prevailing trend; the "blank spots" of social norms have not been filled promptly; all kinds of immoral behavior still exist even though efforts are repeatedly made to check it; and the phenomenon of lacking ethical progress is worsening.

The experts have advised that real progress in the anticorruption struggle should be made this year, and a critical step should be taken to establish sound laws and systems accordingly.

They maintained that the central government's authority should be strengthened to straighten out the relations between the central and local authorities and that the promotion of the divisional taxation system should be used as opportunity to establish new relations between the two.

In addition, they also suggested that the media should be used to give wide publicity to the central government's policies and that it is necessary to let the people air their opinions more frequently, to communicate with them, to monitor changes in public opinion, and to promptly redress the grievances of the masses. Meanwhile, it is also necessary to strengthen the supervisory and communication functions of the media so as to purify the general mood of society and to enhance social cohesion.

### Crime and Punishment in the PRC

For 15-31 Jan

HK0702003094

[Editorial Report] The following is a compilation of reports on crime, investigations, trials, sentencing, and other judicial-related activities in the PRC during the period 15-31 January. The source and mode of processing are given in parentheses at the end of each entry.

As evidenced by the stories listed below, during the month PRC crime reportage focused on robbery, economic crime, and corruption.

## CENTRAL

In accordance with the Public Security Ministry's instruction to "do a good job in security work during the New Year and Spring Festival season and to ensure that the broad masses can spend an untroubled and harmonious holiday" in light of their respective local situations, the public security authorities in various localities have embarked on a "winter offensive" against crime with the theme of "cracking major cases and seizing escaped criminals."

Since the offensive began, Beijing Municipality, Shanghai Municipality, and Hubei Province alone have cracked 7,638 various security and criminal cases, have arrested 6,472 criminal offenders of all kinds, have smashed 781 criminal syndicates, and have seized illegally obtained money and goods worth more than 1.6 million yuan.

Beginning on 12 November last year, the public security bureau of Xian City, Shaanxi Province, carried out consecutive operations for over 10 days in a row and smashed a syndicate of 14 criminals, headed by Liu Qiang and Liu Dongwei, who had been robbing taxi drivers at knifepoint. The public security bureau of Anshan City, Liaoning Province, solved an extremely large case of stolen gold and prevented state losses of nearly 200,000 yuan. The Shanghai Municipal public security bureau solved a heinous case of robbery and homicide which had remained unsolved for three years by catching the arch-criminals Wang Xiaolong and Zhao Guofa. (Beijing RENMIN RIBAO in Chinese 8 Jan 94 p 1)

Four members of a gang of masked burglars armed with knives, all unemployed young men from Zhejiang Province, were seized in Beijing while committing a robbery on 15 January. They are believed to be responsible for three other cases of burglary which occurred during the 11-14 January period, involving a total value of more than 100,000 yuan. The police are rounding up other members of the gang who are still at large. (Beijing ZHONGGUO XINWEN SHE in Chinese 0954 GMT 17 Jan 94)

A few days ago, the Shenzhen public security authorities smashed a gang that had been robbing Hong Kong container trucks. Three individuals were arrested during the operation. While waiting for customs clearance, many Hong Kong truck drivers pull up alongside roads near check points and sleep overnight in their cabs, where they are easy prey for the gang because the appropriate security measures have not been taken.

The Guangzhou Rail Transport Intermediate People's Court held rallies in Guangzhou, Changsha, Huaihua, and Hengyang to pronounce sentences on a group of individuals convicted of crimes committed on trains. Eighteen received death sentences, while the remaining 28 received death sentences with reprieve, life imprisonment, or jail terms of various lengths. The individuals were all convicted of robbing train passengers, some of hassling trains along certain railways, some of stealing

passengers' property or train cargo, and some of murdering station guards. Between 1989 and 1992, Sun Changshan and 10 others on 42 occasions stole train passengers' property, worth a total of 730,000 yuan, on the Zhejiang-Jiangxi, Beijing-Guangdong, Hunan-Guizhou, and Beijing-Shanghai railways. All 11 were sentenced to death. (Hong Kong HSIN WAN PAO in Chinese 24 Jan 94)

On 24 January, the PEOPLE'S COURT NEWS reported that the PRC authorities have executed eight people in Guizhou and Sichuan Provinces for drug smuggling and train robbery. Yang Cangrong and Zhou Yu, both from Guizhou, were arrested in the southern city of Guangzhou while trying to sell 757 grams of heroin which they had purchased in Vietnam. Qin Changgui and Yang Lin, also from Guizhou, were arrested for the possession of 3.9 kg and 3.4 kg of opium respectively, which they had purchased in Yunnan Province. All four were executed in Guizhou earlier this month. Four members of a gang implicated in 16 train robberies were executed in Sichuan. (Hong Kong AFP in English 1029 GMT 24 Jan 94)

On 24 January, the Yunnan Frontier Defense Forces of the Armed police held a commendation meeting on the struggle against the smuggling of guns and drugs in Kunming. At the meeting, it was announced that the Yunnan and Guangxi Frontier Defense Forces had received a Collective Award of Merit for their "remarkable results" in the struggle against gun and drug smuggling. Since the campaign against gun and drug smuggling began in June 1993, the Yunnan Frontier Defense Headquarters has cracked a total of 218 gun-smuggling cases, seizing 119 military guns, 3,582 grenades, and 4,605 rounds of ammunition, and has solved 596 drug-trafficking cases, seizing 427.477 kg of heroin and 283.77 kg of opium. The Guangxi Frontier Defense Headquarters has solved a total of 100 gun-smuggling cases, capturing 208 military guns, 148 grenades, and 5,722 rounds of ammunition, and has cracked 39 drug-trafficking cases, seizing 4.849 kg of heroin and 64.537 kg of opium. (Beijing GUANGMING RIBAO in Chinese 25 Jan 94)

The customs authorities in five coastal provinces, Guangdong, Fujian, Zhejiang, Guangxi, and Hainan achieved marked results in their antismuggling activity last year, completely cracking 210 maritime smuggling cases and seizing goods worth 493.86 million yuan, an increase of 40.6 percent over the previous year. The smuggled goods included cars, cigarettes, color television sets, and air conditioners. Car smuggling was prevalent on the seas of western Guangdong and Guangxi last year, while cigarettes were the main smuggled goods along the coastline of Fujian and Zhejiang. Some mainland ships were involved in smuggling under the guise of normal freight transportation activity. (Beijing ZHONGGUO XINWEN SHE in Chinese 1416 GMT 31 Jan 94)

PROVINCIAL

Beijing

The ninth plenary meeting of the capital's Committee for the Comprehensive Control of Public Order and Security has announced that the capital city has made major breakthroughs in three aspects of the "severe crackdown" against crime in 1993.

—A seven-member armed murderer gang was seized in the investigation of the taxi driver murder case on 31 January, and 10 major and serious cases were cracked at the same time. Two Wuyi pistols and more than 100 bullets were seized. As a result, all the cases of armed crime that had occurred in Beijing in recent years were completely solved. Under the unified command of the Ministry of Public Security, the Municipal Public Security Bureau and the other departments concerned joined hands in solving serious robberies on international trains and arrested all the criminals in one move, restoring order on international trains.

—A number of major cases of economic fraud were solved, recovering property and cash worth 500 million yuan. In cooperation with Hebei Province, a case in which a criminal had been using the bank's reserve letter of credit to embezzle \$10 billion was cracked. Other major cases that were solved include the fraud case in which Zhang Xiangyu and other people illegally speculated in foreign exchange valued at 750 million yuan by falsely introducing "foreign investors," the fraud case in which Shang Yubin and other people obtained several hundred million yuan and \$100 million of foreign currency through deceit and trickery, and the case in which Deng Fusen and other individuals gained 87,280 yuan by signing false steel sale contracts. (Beijing FAZHI RIBAO in Chinese 7 Jan 94 p 2)

The BEIJING EVENING NEWS on 25 January reported that six criminals found guilty of crimes ranging from rape to murder were executed in Beijing on 25 January. Another 12 individuals were sentenced to death for murder, armed robbery, and fraud, but the paper did not report when the sentences would be carried out. (Hong Kong AFP in English 1043 GMT 25 Jan 94)

Fujian

Since last year, the Fujian Armed Police Headquarters has been cracking down on criminals who impersonate armed police officers in order to extort money from shops, restaurants, and bars and detain people under the pretense of checking identity cards or who use fake armed police driving licenses to carry out criminal activities. The authorities have discovered over 20 "bogus armed policemen" and four bogus armed police driving licenses. (Beijing ZHONGGUO XINWEN SHE in Chinese 0752 12 Jan 94)

Today, the Higher People's Court of Fujian Province announced final sentences and second-trial sentences for

12 serious criminals accused of corruption and taking bribes. Six of them were sentenced to death with a two-year reprieve, and two were sentenced to life imprisonment. The 12 criminals were separately involved in seven major corruption cases and one bribe-taking case in eight prefectures and cities. A former section chief of the Fujian Foreign Trade Center was sentenced to death for embezzling \$2.74 million and 640,000 yuan of public money. According to the president of the Provincial Higher People's Court, between August and December last year, his court handled and concluded 568 economic criminal cases and tried 888 accused people. (Beijing ZHONGGUO XINWEN SHE in Chinese 1000 GMT 15 Jan 94)

The FUJIAN LEGAL NEWS, in its issue received in Hong Kong on 24 January, reported that six managers and employees of state enterprises in southeastern Fujian Province have been condemned to death for accepting bribes totalling millions of dollars. A Fujian high court also condemned six others accused of corruption to jail terms, in two cases to life in prison. (Hong Kong AFP in English 0956 GMT 24 Jan 94)

Last year the frontier departments in Fujian's coastal areas cracked 86 cases of smuggling human cargo involving a total of 1,408 people, arrested 294 organizers and transporters, and received, examined, and handled 3,325 repatriated illegal immigrants. In the meantime, they also seized 47 cases of smuggling goods involving a total of 197 people and smuggled goods worth more than 30 million yuan. They cracked six cases of manufacturing and trafficking in drugs and seized 38.3 kg of drugs. (Fuzhou Fujian People's Radio Network in Mandarin 2300 GMT 25 Jan 94)

Gansu

On 28 December, the People's Courts of the Chengguan, Chillihe, Anning, and Xigu Districts of Lanzhou City held a joint meeting on arrests and sentences and sentenced to death 12 criminals involved in a series of cases. After the meeting, the 12 criminals—Ma Jianxin, Meng Xiaofeng, He Zaoqiang, Liu Zhuqing, Li Zhiwei, Song Zonghuan, Chen Baoren, Wang Ligang, Zhang Jinbao, Feng Hongjun, Li Jianghai, and Mayiliangxi—were escorted to the execution ground, where they were shot. Some of them had perpetrated violence, while others had murdered for revenge. Some traveled from place to place for purposes of theft, some robbed and killed people in public, and still others trafficked drugs. At the meeting, the courts also sentenced 43 criminals to prison, and the public security authorities announced the arrest of 84 criminals. (Lanzhou GANSU RIBAO in Chinese 30 Dec 93 p 1)

On 28 December, the Lanzhou Intermediate People's Court handed down at first hearing death sentences on two embezzlers and two drug traffickers and deprived them of political rights for the rest of their lives. The four convicts were charged for embezzling public funds

amounting to nearly 900,000 yuan and for trafficking over 600 grams of heroin. (Lanzhou GANSU RIBAO in Chinese 30 Dec 93 p 1)

#### Guangdong

The number of passengers from various localities using Guangzhou's railway and highway facilities this spring is expected to exceed 10 million. To cope with the influx, Guangzhou City's public security authorities have sent 200 additional policemen to enforce law and carry out all-weather monitoring and control in the district containing the railway station and the highway transportation terminal since the middle of December. Over the past few days, policemen have neutralized three criminal gangs and arrested 16 lawbreakers. (Beijing ZHONGGUO XINWEN SHE in Chinese 1134 GMT 9 Jan 94)

The authorities have been cracking down on robberies along the Guangzhou-Shantou highway. The economic development of recent years has meant that highway transportation has become busier and highway robberies have become more prevalent. In Yangxi County last year, 44 highway robbers were arrested—four of whom were executed—and 99 highway robbery cases were solved, of which 89 could be considered major. Most highway robbers are young people approximately 20 years old. (Guangzhou Guangdong People's Radio Network in Mandarin 1000 GMT 15 Jan 94)

In Guangzhou's Tianhe sports center today, the Guangzhou City Public Security Bureau's traffic police corps held a meeting on curbing highway and railway robberies to usher in the Spring Festival. Zhang Liansheng, the officer in charge of the traffic police corps, made a speech expressing their determination to improve traffic order, to severely crack down on highway and railway robberies, and to create a safe and smooth traffic environment for spring transportation so that the people will be able to spend the spring festival safely and harmoniously. During the spring transportation season, the Guangzhou City traffic police will take strong measures to strengthen road supervision, to check violations of traffic regulations, to clear crowded traffic lanes, to cooperate with the relevant departments in curbing highway and railway robberies, and to ensure safe and smooth traffic environment for spring transportation. (Guangzhou Guangdong People's Radio Network in Mandarin 0400 GMT 17 Jan 94)

The Guangzhou public security departments cracked over 33,000 criminal cases last year, of which 14,000 were major ones, representing increases of 24 and 45 percent respectively over the previous year. In 1993, the public security departments wiped out over 5,200 crime syndicates, rounded up over 36,000 criminal offenders, and seized over 200 vehicles, over 1,100 motorcycles, and 310 million yuan worth of stolen goods, including gold and silver ornaments and home electrical appliances. They also seized over 200 firearms of various

types, over 1000 rounds of ammunition, and over 130 kg of drugs. (Beijing ZHONGGUO XINWEN SHE in Chinese 1130 GMT 24 Jan 94)

Zhaoqing City held a sentencing rally yesterday, at which the four individuals who had murdered Zhang Yaixin were executed. On 23 February last year, Zhang Yaixin, a security guard from the Yuejiang Policing Unit of Duanzhou Public Security Subbureau, was killed by a gang of Guangxi criminals while on duty. The Zhaoqing Intermediate People's Court sentenced Yao Qinghui, Wei Lining, Zhang Zegan, and Luo Ming to death for murder with intent and sentenced Wei Kecheng to life imprisonment. The four appealed to the Provincial High Court, which upheld up the sentences at the second trial and ordered the Zhaoqing Intermediate People's Court to carry them out. (Guangzhou NANFANG RIBAO in Chinese 25 Jan 94)

On the morning of 26 January, the Guangzhou City Intermediate People's Court held a mass rally to sentence 10 economic criminals. The deputy director of the hi-tech development section of the South China branch of the China Electronics Import and Export Corporation was sentenced to 14 years' imprisonment for embezzling public money and accepting a bribe. The director of the Guangzhou automobile factory received the severe sentence of 11 years' imprisonment for accepting a bribe of 55,000 yuan because he refused to confess his crime. (Guangzhou Guangdong People's Radio Network in Mandarin 0400 GMT 26 Jan 94)

Guangzhou City Intermediate Court this morning sentenced 10 criminals on corruption and bribery charges; among them, three were cadres with the rank of deputy department head who were prosecuted during last year's anticorruption drive. Xiao Changyu, the former manager of Guangzhou City's Baiyun District Down Processing Factory, who embezzled a large amount of public funds from 1985 to 1991, was sentenced to death. (Hong Kong TA KUNG PAO in Chinese 27 Jan 94 p 6)

Today, Shenzhen City Intermediate Court held a sentencing meeting in Longgang, a town in which many road robberies have taken place. The meeting was attended by 15,000 people. Among the 21 criminals who had committed robbery and rape, five were sentenced to death, four were sentenced to death with reprieve, and 12 were sentenced to prison. (Hong Kong TA KUNG PAO in Chinese 27 Jan 94 p 6)

A number of offenders who had committed serious crimes were severely punished today. This represents the city courts' first large-scale crackdown this year.

This morning, mass rallies to pronounce judgments on criminals involved in serious cases were held simultaneously in Guangzhou's eight districts—Liwan, Haizhu, Fangchun, Yuexiu, Dongshan, Baiyun, Tianhe, and Huangpu—as well as in the cities of Huadu and Fanyu, at which 30 criminals involved in 19 major cases of robbery, murder, theft, and illegal trading of guns and munitions were sentenced to death with the approval of

the upper-level courts. They were escorted to the execution grounds immediately after the rallies to be shot.

Among the convicts sentenced to death was Lu Guiqiang, who, in collaboration with other people, on two occasions illegally purchased 10 Soviet-made model 54 military hand guns, 138 rounds of ammunition, and two pineapple-type hand grenades from Guangxi and other places during January and December 1991 and sold eight hand guns and 116 rounds of bullets to people in Guangzhou. In addition, Lu also collaborated with others to falsify two forged "deposit receipts for the options of savings and fixed accounts," purportedly issued by the Industrial and Commercial Bank of China Guangzhou Branch. He hurried to savings offices in Beijing Lu and other streets to cash 414,000 yuan and divided the illicit money with his accomplices. Lu's actions constitute the crimes of illegal gun and munitions trading and of swindling, so he was sentenced to death and was deprived of his political rights for life. (Beijing ZHONGGUO XINWEN SHE in Chinese 1149 GMT 27 Jan 94)

Shenzhen's Wenjindu Customs cracked a drug-trafficking case on 11 January, the first of its kind in 1993. When conducting a routine border check on a Hong Kong truck bearing the name of a Shenzhen transportation company, customs investigators found that the cargo area of the truck was empty, with the exception of a travelling bag behind the driver's seat. When the officials started to examine the bag, the driver jumped out of the truck in an unsuccessful attempt to escape. When the bag was opened, 40 bricks of heroin were found inside, weighing approximately 14 kg. The case is still under investigation. (Beijing ZHONGGUO XINWEN SHE in Chinese 0943 GMT 28 Jan 94)

#### Guangxi

A recent meeting on anticorruption work in Guangxi announced that 11,394 cadres at the county sectional level and above have conducted a self-examination of their problems. Of these, 767 are cadres at the prefectoral departmental level, while 37 are cadres at the provincial level. Discipline inspection, procuratorial, and judicial departments have unearthed 93 major cases in Guangxi, and 25 of them are being resolved. In 1993 these departments received and handled 44,931 cases that were reported by the masses, an increase of 112 percent over the previous year. (Nanning Guangxi People's Radio Network in Mandarin 1130 GMT 28 Jan 94)

#### Guizhou

The Seventh Session of the Eighth Guizhou Provincial People's Congress Standing Committee opened in Guiyang on 19 January to examine a bill submitted by Guizhou Governor Chen Shineng on removing Guo Zhengmin from the post of provincial public security chief. The Guizhou Provincial People's Congress Standing Committee announced the decision to remove Guo Zhengmin from that post, and Guo has been

arrested for taking bribes. (Guiyang Guizhou People's Radio Network in Mandarin 2300 GMT 19 Jan 94)

#### Henan

The Gongmi City People's Procuratorate recently concluded its investigation of and cracked a major bribery case, in which Wang Yongping, former president of the Gongmi City Branch of the People's Construction Bank of China (PCBC), was found to have accepted bribes totalling 1.06 million yuan from 29 loan application units on 46 separate occasions between April 1992 and September 1993. Wang Yongping was arrested on 3 November 1993 and was charged with bribery by the Zhengzhou City People's Procuratorate in accordance with the law on 14 January 1994. (Zhengzhou Henan People's Radio Network in Mandarin 2300 GMT 17 Jan 94)

Yesterday morning, the Luoyang City Intermediate People's Court and the Zhengzhou City Intermediate People's Court simultaneously held in Luoyang and Zhengzhou public sentencing rallies, which sentenced eight criminals involved in three major economic cases, including one former police officer and five former policemen.

Guo Yong, former deputy section chief at a public security sub-bureau in Luoyang City, was found guilty of collaborating with five former policemen in embezzling public funds, accepting bribes, and engaging in speculation and profiteering between July 1988 and November 1990. He was sentenced to death in accordance with the law and was executed with a bullet to the head in Luoyang City later that day. Former policemen Shen Xianbin and Xiao Jinzhou were found guilty of collaborating with Guo Yong in the above case and were sentenced to death with a two-year reprieve and were deprived of political rights for life.

Former Policeman Wang Hongxi was found guilty of collaborating with Guo Yong in the above case, was sentenced to life imprisonment, and was deprived of political rights for life. Former policemen Xu Lintao and Wei Zhengli were found guilty of collaborating with Guo Yong in the above case and were sentenced to 10 and six years' imprisonment respectively.

Li Zirong, a former cashier in the financial section of Zhengzhou City Timber Company, was found guilty of embezzling more than 0.56 million yuan and was sentenced to death with a two-year reprieve and deprived of political rights for life. Qi Gaosheng, a former clerk at Zhuge Credit Cooperative of Yanshi County, was found guilty of embezzling 100,000 yuan of public funds and was sentenced to 18 years' imprisonment. (Zhengzhou Henan People's Radio Network in Mandarin 2300 GMT 27 Jan 94)

#### Hubei

Since 1992, the Hubei Provincial Discipline Inspection Commission, the Supervision Department, the People's

Procuratorate, and the Taxation Bureau have investigated and cracked a number of export tax reimbursement swindling cases and have punished a total of 163 people involved in such cases, including 80 party members and cadres, of whom 12 were cadres at the county or provincial department section level. As a result, 21 people have been relieved of their posts within the party or have been expelled from the party; 48 people have been handed over to judicial organs at various levels for investigation and punishment, including Zhang Wei, the former chief of Tianmen City Taxation Bureau; and a total of 26.29 million yuan in tax payments have been recovered across the province. (Wuhan Hubei People's Radio Network in Mandarin 1000 GMT 15 Jan 94)

This morning, Wuhan City held a public sentencing rally at which a total of 10 criminals involved in six cases of manufacturing and selling false, counterfeit, and sub-standard commodities, including cigarettes, wine, and musk, were given prison sentences of up to 20 years. (Wuhan Hubei People's Radio Network in Mandarin 1000 GMT 22 Jan 94)

#### Hunan

Following reports of gunshots at the execution ground of the Changsha City Intermediate People's Court at approximately 10:00 on the morning of 24 December, Gao Xihua, a criminal convicted of murder with intent, and 13 other criminals involved in serious cases were duly punished. Gao Xihua, the former deputy manager (at the deputy department director level) of the provincial stock company, aged 42, was accused of murdering Zhao Bao, the son of a woman with whom he had been living illegally. Gao Xihua's son, Gao Shang, was accused of being an accomplice to the murder.

On 4 December, the Changsha City Intermediate People's Court sentenced according to the law Gao Xihua to death for murder with intent and deprived him of political rights for life. The court sentenced Gao Shang to prison. The two defendants pleaded not guilty and lodged an appeal, but the Hunan Provincial Higher People's Court reviewed the case and rejected the appeal, sustaining the original ruling.

Yesterday, the Changsha City Intermediate People's Court also openly sentenced and carried out the execution of 13 other criminals involving in serious cases. The case of murder with intent of Zhang Weiwei, a retired worker of the Changsha Plastic Packaging Plant, caused a sensation in society. Zhang Weiwei "pretended to be insane in an attempt to escape legal punishment." Zhang Weiwei's case was also sentenced openly, and Zhang was executed. (Changsha HUNAN RIBAO in Chinese 25 Dec 93 p 1)

In 1993, procuratorates throughout Hunan examined and handled 7,789 clues to economic crimes and filed 3,128 cases for investigation, of which corruption and bribery cases accounted for 58.5 percent. Major and important cases accounted for 51.5 percent, totaling 1,610—the highest percentage in recent years. Of these

cases, 280 involved more than 100,000 yuan. Economic losses of 82 million yuan were recovered during the crackdown. (Changsha Hunan People's Radio Network in Mandarin 2300 GMT 18 Jan 94)

#### Jilin

By the end of last year, law- and discipline-enforcement organs in Jilin Province cracked 478 large and important cases and retrieved 133.27 million yuan in economic losses on behalf of the state. According to statistics, from August to November 1993, a total of 80 law-breaking and criminal cases committed by cadres of party and government organs were investigated and punished, in which 36 cadres at and above the county and department levels were involved; 31 criminal cases committed by judicial cadres were investigated and punished; 19 criminal cases committed by cadres of executive departments were investigated and punished; and 53 criminal cases committed by cadres of departments of economic administration were investigated and punished.

Xue Jingwen, the vice chairman of the Jilin Provincial Federation of Trade Unions, embezzled large amounts of public funds and property, took bribes, and led a dissolute life when acting as director of the Shixian Paper Mill. Liang Fengzhi, secretary of Tumen City CPC Committee, extorted and took thousands of cash and high-grade electrical appliances from private enterprise owners. Chen Fuchun, deputy head of the Jilin City CPC Committee Organization Department, embezzled 30,000 yuan. Li Cai, former deputy head of the Meihekou City Public Security Bureau, took 5,000 yuan in bribes and secretly released detained murderers who were on trial. Qi Haijiang, head of the Taonan City Taxation Bureau, took thousands of yuan in bribes. (Beijing FAZHI RIBAO in Chinese 10 Jan 94 p 1)

#### Liaoning

Gao Mingqiu, former manager of the Industrial and Commercial Bank in Benxi City, Liaoning Province, has been sentenced to six years' imprisonment for abusing power and seeking illicit gain. For collaborating in the same offenses, three deputy managers—Jiang Baofu, Sun Maorong, and Pei Zhirong—and a number of senior officers from the same bank were sentenced to imprisonment with reprieve and were expelled from the CPC. (Beijing ZHONGGUO XINWEN SHE in Chinese 0954 GMT 30 Jan 94)

#### Shaanxi

In December, the Xian Government launched a campaign against pornographic activities and gambling to purify the cultural market before the Spring Festival and to maintain public order. The authorities dealt with 46 pornographic publication cases involving 93 persons and seized 379 pornographic videotapes, 17,900 copies of pornographic magazines and other illegal publications, 200 packs of obscene playing cards, and a number of video machines for showing pornographic videotapes.

Sex venues, including videotape shops, karaoke halls, pornographic book shops and newsstands, were raided. Pornography traders and a number of girls involved in sexual activities were taken in by the authorities. An underground pornographic bookstore was recently smashed, with the seizure of 65 bags containing 12,000 obscene and pornographic books of various kinds. The Xian Public Security Department cracked down on 10 amusement venues and 93 persons were arrested. Nearly 30,000 sexual video tapes and pornographic magazines were burned. (Beijing ZHONGGUO XINWEN SHE in English 1406 GMT 24 Jan 94)

The Xian City Intermediate People's Court sentenced 18 economic criminals to death or life imprisonment on the morning of 24 January. Liu Huiming, former deputy director of the operational section of the Xian City Agricultural Bank, was sentenced to death for embezzling public money totaling 6.15 million yuan; Du Mingxing, a former accountant in the Xibei University's financial section, was convicted of embezzling 180,000 yuan and was sentenced to death with a two-year reprieve because of the good behavior he exhibited by confessing his crime. (Xian Shaanxi People's Radio Network in Mandarin 0010 GMT 25 Jan 94)

#### Xinjiang

The Urumqi Intermediate People's Court held a public rally this morning to pronounce the death sentence on Feng Xiaojiang and eight other criminals who had been found guilty of seriously undermining social order. Following the rally, the nine criminals—including murderers, robbers, and rapists—were escorted to the execution grounds, where they were shot in the head. The rally was attended by nearly 1,000 people of all nationalities in the city. (Urumqi Xinjiang People's Radio Network in Mandarin 1600 GMT 28 Jan 94)

#### Yunnan

Police in Yunnan Province smashed 4,174 cases of drug trafficking last year, with 6,191 criminals of Chinese or foreign nationality arrested. The official in charge of the provincial anti-narcotics office said that the police had seized 3,546 kg of refined drugs, including heroin, a rise of 11 percent, and 1,062 kg of opium, an increase of 57 percent over the previous year, while the number of cases solved last year was 14 percent up over 1992, with the number of suspects arrested rising by ten percent. The provincial authorities helped some 20,000 drug addicts get rid of their drug addiction. Yunnan was also involved in international cooperation against drug trafficking, including one supported by the United Nations which achieved a measure of success. The official added that the area under cultivation of opium poppy in the so-called Golden Triangle had increased in size in recent years. Drug trafficking from beyond the borders of Yunnan has imposed a direct and serious threat to the province because the infiltration of drugs into the province has become a serious problem. Yunnan will go further in strengthening its work in fighting drugs and

will try its best to stop narcotics from flowing into the province. (Beijing ZHONGGUO XINWEN SHE in English 1203 GMT 17 Jan 94)

On 19 August 1993, three foreigners holding Maldivian and Costa Rican passports cashed more than 600 Westpac Banking Corporation traveler's checks, worth a total of some 270,000 yuan, with various Bank of China money changers in Kunming. The numbers of the traveler's checks were found to form a sequence, which raised suspicion. When one of the swindlers went back to a money changer, he was detained for interrogation, and confessed to the police. This syndicate was composed of eight Pakistani nationals, five of whom were operating in Kunming at the time.

After they were arrested, two others flew in from Bangkok the next day, only to find themselves in a police car upon arrival. On 18 September, the boss of the syndicate, Aslam, arrived in Shantou, Guangdong Province. On 6 October, he was taken to Kunming by the police. Police findings indicate that all the traveler's checks held by this syndicate had been stolen in Bangkok. They cashed 1,075 of them in Kunming alone, worth 100,750 Australian dollars. They also were found to be carrying British sterling and U.S. dollar traveler's checks, plus eight forged passports. On approval of the Supreme People's Procuratorate, four members of the gang, including Aslam, were officially arrested. The other members were deported and refused re-entry for five years. (Beijing ZHONGGUO XINWEN SHE in Chinese 0951 GMT 29 Jan 94)

#### For 1-14 Feb

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[Editorial Report] The following is a compilation of reports on crime, investigations, trials, sentencing, and other judicial-related activities in the PRC monitored during the period 1-14 February 1994. The source and mode of processing are given in parentheses at the end of each entry.

As evidenced by the stories listed below, during the month PRC crime reportage focused on corruption, economic crimes, and the annual round of executions taking place around Spring Festival.

#### CENTRAL

Twenty-two Chinese have been executed in the past few days in what has become a traditional clampdown ahead of the Lunar New Year. A total of 13 people were executed in Shanghai on 1 February, all charged with murder and theft. Several more were condemned to death or prison terms.

Nine criminals were executed on 29 January in Jinan, and two bank employees were sentenced to death for corruption in Inner Mongolia recently. (Hong Kong AFP in English 1028 GMT 2 Feb 94)

More than 200 Chinese have been executed since 1 January, condemned for such crimes as murder, rape, drug trafficking, and financial crimes.

The run-up to the Lunar New Year is traditionally used by the government to press the Chinese regional authorities to sentence common-law criminals in order to avoid unrest during the festive season. Amnesty International says it recorded 1,890 death sentences and 1,079 executions in 1992, but believes these numbers to be conservative. (Hong Kong AFP in English 0911 GMT 8 Feb 94)

In 1993 public security forces and border guards in Yunnan and Guangxi took effective actions to crack down on firearms and drug trafficking and smuggling. In the whole year, the public security organs and border guards in these two provinces cracked 324 firearms trafficking cases, seizing 374 pieces of military firearms. They also cracked 961 drug trafficking cases, seizing 812.3 kg of opium and 762.5 kg of heroin. The actions totally destroyed 136 criminal gangs.

The public security organs and border guard units in these two provinces transferred some 500 people from commanding organs to replenish the troops on active duty. The border inspection stations were on duty 24 hours a day, and strictly examined the vehicles and personnel moving to the interior mainland.

On the afternoon of 22 December 1993, the border security checkpoint in Mukang of Dehong Autonomous Prefecture discovered 46.5 kg of heroin divided among three vehicles moving through the border to the interior area.

In order to mobilize the masses, the public security and border guard forces in Yunnan and Guangxi also dispatched a large number of police officers to border villages to publicize the government's policy on capturing smuggled drugs and firearms and to build up the police-civilian security network. According to Yunnan's incomplete statistics, in 1993 the masses provided 148 pieces of information for the public security organs and assisted the police force in 193 actions. (Beijing RENMIN RIBAO in Chinese 1 Feb 94 p 3)

## PROVINCIAL

### Beijing

According to data provided by procuratorial organs in Beijing Municipality, in 1993 the municipal procuratorial organs handled 1,466 corruption and other economic criminal cases, and placed 844 cases on file for investigation and prosecution, including 618 corruption and bribe-taking cases, which accounted for 73.2 percent of the economic criminal cases. One ministerial-level, 10 bureau-level, and 48 section-level corrupt officials were investigated and prosecuted.

Last August, procuratorial cadres in Beijing launched an unprecedented anticorruption campaign and they

cracked a large number of major corruption and bribe-taking cases in party and government institutions, law enforcement institutions, banking institutions, and economic management institutions. Fourteen major corruption and bribery cases involving an amount of over 1 million yuan were placed on file for investigation and prosecution, 38 corruption cases arising in law enforcement and judicial organs were handled, 128 criminal cases involved officials in various party and government institutions, and 37 criminal cases involved personnel of banking institutions.

The procuratorial organs achieved such marked results because the chief procurators at all levels personally organized and directed the handling of all major and serious cases. The leaders of the municipal procuratorate personally took charge of the investigation and prosecution of 22 major cases involving over 1 million yuan of ill-gotten money or involving cadres at and above the bureau level. (Beijing RENMIN RIBAO in Chinese 1 Feb 94 p 3)

Public security organs in Beijing Municipality achieved remarkable results in using the news media to issue "wanted" circulars for criminals at large. In 1993 a total of 428 criminals were arrested through such means, which helped crack 520 major criminal cases. (Hong Kong ZHONGGUO TONGXUN SHE in Chinese 0600 GMT 14 Feb 94)

### Fujian

In 1993, Fujian's public security organs cracked a total 62 drug-related cases, captured over 220 drug traffickers, and seized 57.2 kg of drugs, as well as over 1.5 million yuan in profits from drug deals.

Over recent years, drug-trafficking rings and lawbreakers outside China have opened secret sea smuggling routes into Fujian. Driven by high profits, some wrongdoers inside China are willing to risk their lives and engage in drug trafficking. Since the beginning of this year public security organs of all prefectures, cities, and major counties have stepped up efforts in deploying antidrug police forces and setting up special investigation organs for cracking drug-related cases, while leaders of public security organs at all levels have attached great importance to such investigations.

From May to June 1993, public security organs across the province carried out a joint operation and cracked six "ice"-manufacturing dens set up by Taiwan drug dealers in Fuzhou, Putian, Quanzhou, and Zhangzhou. On 8 May, the Quanzhou public security organs cracked a drug-trafficking ring involving drug dealers and lawbreakers from Taiwan, Hong Kong, and the mainland, and seized 36 kg of drugs and heroin. Meanwhile, public security organs in all localities have made great efforts to trace drug sources of drug addicts, and successfully smashed a number of secret dens which "used drug trafficking to finance drug taking." (Fuzhou FUJIAN RIBAO in Chinese 23 Jan 94 p 7)

At a 15 January news briefing, He Xiaofang, vice president of the Fujian Provincial People's Court, announced eight cases of serious economic crime out of which 12 people were been sentenced to death, death with reprieve, life imprisonment, and fixed terms of imprisonment.

The criminals sentenced to death included: The former first section head of the Foreign Trade Center Group, who embezzled public funds totalling over 640,000 yuan and \$170,000, plus another \$274,000 by various means; a former employee of the Hushi Credit Cooperative of the Putian Branch of the China Agricultural Bank who embezzled over 240,000 yuan; and a former cadre of the Yongan Branch of the China People's Construction Bank, who embezzled 180,000 yuan.

The criminals sentenced to death with reprieved included: A former purchaser of the Shaowu Textile Factory, who embezzled 230,000 yuan of public funds and accepted bribes; a former credit clerk of the Planning and Credit Section of the Fuan Branch of the China Industrial and Commercial Bank, who embezzled over 220,000 yuan; and a secretary of the party branch of Gaodian village in Xiamen, who embezzled over 309,000 yuan. (Fuzhou FUJIAN RIBAO in Chinese 16 Jan 1994 p 1)

Eighteen criminals in Changde and Pingtan Counties involved in the smuggling of people have been sentenced to one to five years of imprisonment. The 18 criminals were all "snakeheads."

This move is aimed at curbing the activities of illegal emigration from the province and is the biggest campaign for this purpose since the beginning of 1994. Officials have revealed that the province will continue its severe crackdown on these criminal activities. (Beijing ZHONGGUO XINWEN SHE in English 1532 GMT 9 Feb 94)

#### Guangdong

Cao Zidong, deputy director of the Public Security Department of Guangdong Province, said on 1 February 1994 that the public security organs last year arrested over 110,000 criminal offenders of all types, an increase of more than 30 percent over the previous year. He also said they cracked over 80,000 criminal cases, including more than 40,000 major cases.

Cao Zidong said: Since late December the public security organs have arrested over 2,000 train and bus robbers, and have also arrested more than 18,000 criminals. In this period, railway and highway robbery cases decreased sharply, and criminal cases of other types also decreased to a certain degree. (Beijing ZHONGGUO XINWEN SHE in Chinese 1248 GMT 1 Feb 94)

Guangdong courts at all levels have increased the crackdown on car and train robberies, dealing with some 2,200 cases in 1993. Of the 4,000 criminals involved, 3,040 were given sentences of five years, or even more,

including life-in-prison and death sentences, according to Xu Liang, Guangdong Provincial Higher People's Court vice president.

Through hearing the aforesaid cases, the court believed that car and train robbery cases in Guangdong were marked by four characteristics: First, cases in this category continued to rise. Second, there was an increase in the incidence of car and train robberies organized by gangs. Third, there was a growth in heinous armed robbery cases, with homicide involved. Fourth, many bandits ran away with help of cars, and they had intelligent and technical ways of committing crimes. (Hong Kong TA KUNG PAO in Chinese 3 Feb 94 p 4)

Over the past month or so, public security organs in Shanwei City, Guangdong, cracked 16 criminal cases of train and road banditry, arrested 38 train bandits and highwaymen, smashed four criminal rings, arrested 19 ring members, and seized three motorcycles, two walking tractors, and a number of tools for committing crimes. In the small hours of 6 January, patrolmen from the Meilong Public Security Sub-Bureau in Haifeng County and from Shanwei City Public Security Bureau arrested nine suspects, including Lin Zhenguo along the Meilong section of the Guangzhou-Shanwei highway, who were about to commit robbery. (Hong Kong ZHONGGUO TONGXUN SHE in Chinese 0600 GMT 14 Feb 94)

At a news briefing held in Guangzhou on 2 February, Zeng Tiangu, section head of the Guangdong Provincial Public Security Department, disclosed that some law-breakers outside the territory had engaged in smuggling and drug-trafficking activities under the cover of running waste material purchasing centers. A major case was ferreted out in Huizhou on 17 December 1993 which involved a gang of seven people who stole more than 1,000 kg of communication cables and disposed of them through a local waste material purchasing center. It has been reported that steel products, and even guns and munitions, have also been stolen and sold to such purchasing centers. (Beijing ZHONGGUO XINWEN SHE 0700 GMT 2 Feb 94)

#### Guangxi

Beihai City recently cracked a major bribery case involving two cadres at the department level and three other people who accepted cash and gifts totalling more than 5 million yuan.

Huang Qilong, Beihai City's Haicheng District deputy magistrate, and Zhang Guosong, Beihai City Urban Planning Bureau Land Management Department chief, accepted bribes totalling more than 1 million yuan for approving a major land development project.

The five people involved in the case have now been arrested in accordance with the law. (Nanning Guangxi People's Radio Network in Mandarin 1130 GMT 8 Feb 94)

**Guizhou**

The provincial political and legal affairs committee held a news briefing on 31 January at which it announced that in January 1994, a total of 2,020 fugitives were captured and 335 criminal cases were cracked across the province.

The public security organs of Guiyang City and Liupanshui City smashed three drug trafficking syndicates and seized more than 3.9 kg of heroin.

The Guiyang City Railroad Public Security Department also captured two fugitives who escaped after murdering two accounting clerks in Guiyang on 8 January. (Guizhou Guizhou People's Radio Network in Mandarin 2300 GMT 31 Jan 94)

**Henan**

The people's courts at all levels across the province held public sentence pronouncement rallies on 25-31 January 1994, and a batch of criminals involved in some major and serious crimes have been punished.

The provincial higher people's court yesterday held a news briefing at which Xu Guoping, provincial higher people's court vice president disclosed: Over the past two months, people's courts at all levels across the province have tried a total of 404 criminal cases and sentenced a total of 719 criminals, of whom 464 people have been condemned to death, death with reprieve, or life imprisonment, and 255 people have been sentenced to 10 or more years' imprisonment. Over the past few days several criminals have been executed with a bullet to the head. (Zhengzhou Henan People's Radio Network in Mandarin 2300 GMT 31 Jan 94)

**Liaoning**

The Shenyang municipal authorities have recently investigated several economic crimes within party and government organizations, law-enforcement departments, and in administrative and economic management departments. The municipal anticorruption bureau recently publicized 12 such cases.

The cases involved several leading cadres, including Ma Shiteng, a deputy bureau-level director in the municipal bureau of public security; Yuan Zhiguang, the manager of the Trust and Investment Company Ltd. under the municipal Industrial and Commercial Bank; two division heads of the municipal Bureau of Public Health; and the director of the Bureau of Construction in Liazhong County. (Beijing ZHONGGUO XINWEN SHE in English 1459 GMT 2 Feb 94)

**Ningxia**

On 22 January 1994, the Yinchuan City Intermediate People's Court sentenced five criminals to death and three others to life imprisonment.

Between February and June 1993, Liu Wenqing and others broke into the homes in Yinchuan and stole goods

and cash totalling 44,842 yuan. On 8 September 1993, Li Wei started a quarrel with his colleague Wang Changan and then stabbed him to death. On 28 October 1993, Ji Zhifei stabbed his wife Tang Ruihua to death following a row with her. On 4 July 1993, following their divorce, Ma Bentong wounded six persons and killed another of his wife's family. On 10 September 1993, Fu Jun and his two friends started a fight with a man called Xing and beat him to death following a quarrel. (Yinchuan NINGXIA RIBAO in Chinese 2 Feb 94 p 1)

**Shaanxi**

The Ankang Railway Public Security Department recently cracked a major transprovincial robbery case and arrested four criminals. Since December 1992, these four criminals had stolen gold, diamond rings, gold ornaments, and goods off of trains in 35 counties in Hubei and Shaanxi Provinces, worth more than 140,000 yuan. (Xian Shaanxi People's Radio Network in Mandarin 0010 GMT 7 Feb 94)

Authorities in Shaanxi Province have executed a 31-year-old axe murderer who, spurned by the woman he loved, chopped up her and eight of her relatives. A Shaanxi court sentenced Cheng Tingbin to death on 2 February, and the execution was carried out immediately. (Hong Kong AFP in English 0847 GMT 8 Feb 94)

**Shanghai**

Prosecutors at various levels recently brought 100 corruption cases to court, in which 110 people were charged with such economic crimes as corruption, bribe-taking, and embezzlement of public funds. A number of responsible officials in party, government, law enforcement, and financial management institutions were involved in these cases and were prosecuted. The ill-gotten money involved in these cases amounted to 24.3 million yuan. (Hong Kong ZHONGGUO TONGXUN SHE in Chinese 0826 GMT 1 Feb 94)

**Shaanxi**

On the morning of 26 January a mass rally was held at the Workers' Cultural Palace in Taiyuan to announce the sentencing of criminal offenders. Lenient treatments were given to 39 offenders who showed repentance and rendered meritorious service, and 18 of them were released immediately. However, severe punishments were meted out to 20 criminals in 13 cases as they obstinately stuck to the wrong course.

Three of them were sentenced to death and were immediately executed. Four were sentenced to death with a two-year reprieve, and the other four were sentenced to life imprisonment. A 19-year-old murderer, who was executed, killed his grandfather with a knife and then sold the television set, washing machine, and electric fan from his grandfather's home to a pawn shop for 630 yuan. (Taiyuan SHANXI RIBAO in Chinese 27 Jan 94 p 1)

Police in Changzhi City, Shanxi Province have cracked a major drug-trafficking case, seizing 325 kg of caffeine and putting two drug dealers under arrest.

The two convicts, who disguised drugs as chicken feed, confessed that they had trafficked drugs five times since the beginning of 1993. At present, the case is under further investigation. (Hong Kong ZHONGGUO TONGXUN SHE in Chinese 0903 GMT 11 Feb 94)

#### Xian

From 22 to 25 December 1993, various people's courts of Xian sentenced 32 criminals to death and ordered their execution.

The criminals included Wang Yaoping, who stabbed a man to death outside a ballroom on 12 March 1992 following a row with him over a dancing partner, and Liu Jingsuo, Li Wumin, Qiao Yonghong, and Zhang Xianfeng, who stole and destroyed transformers and other farm equipment in Xian, Baoji, Weinan and Xianyang from October 1988 to January 1992, causing huge losses. (Xian SHAANXI RIBAO in Chinese 29 Dec 93 p 1)

#### Yunnan

Party organizations and leading cadres have achieved good results in self-examination and self-correction. So far, 10,682 leading cadres have taken part in special meetings on criticism and self-criticism, accounting for 87 percent of the total number of such cadres. Over 277 of the 470 leading cadres who have second positions in economic bodies have resigned their posts, and 741 leading cadres have accepted gifts and valuable securities, involving a total amount of 193,912 yuan. (Kunming Yunnan People's Radio Network in Mandarin 1000 GMT 7 Feb 94)

On 2 February, He Zhanjun, chief procurator of the Yunnan Provincial People's Procuratorate, announced that Shu Kaitai, former deputy director of the provincial personnel department, and He Zizhong, former chairman of the Chinese People's Political Consultative Conference of Dehong Dai-Jingpo Autonomous Prefecture, were arrested for economic crimes. Shu took a total bribe of 200,000 yuan for granting approval of a sale of 500 pieces (jian 0115) of Hongtashan brand cigarettes, while He provided 2 million yuan of public funds to his son for business.

Qiu Chuangjiao, president of the Yunnan Provincial Higher People's Court also said today that the court closed 29 serious and important economic cases in 1993. Tan Ye, former cadre of the Kunming blood center, was sentenced to death with a two-year reprieve for embezzling 110,000 yuan of public money; Han Shulin, a recidivist, was sentenced to death for gaining a profit of 1.19 million yuan from selling fake Hongtashan brand cigarettes; and Li Lanzen, former director of the Kunming Xishan District Food Company sales department, was given a death sentence for embezzling 3.74 million

yuan of public funds. (Beijing ZHONGGUO XINWEN SHE in Chinese 1357 GMT 2 Feb 94)

#### Beijing TV Shows Counter-Espionage Series

HK1602065294 Beijing RENMIN RIBAO in Chinese 9 Feb 94 p 8

[Report by Bian Wen (6708 2429): "Counter-Espionage Teleplay 'The Hidden Front' To Be Shown During Spring Festival Period"]

[Text] The 10-part counter-espionage television series "Hidden Front," jointly produced by the Chinese Central Television Movie and Television Department and the Guangdong Television Station, will be shown on the second channel of Chinese Central Television during the spring festival period. Based on the struggle of our brave and resourceful scouts—who uncovered a spy network that had lain low for 40 years and who frustrated the "Emperor's Sister Plan," according to which enemy spies sneaked into China to steal secret information under the command of the "intelligence king"—the teleplay vividly reproduces the soul-stirring fight between China's national security organs and hostile forces outside its borders since the reform and opening-up policy were introduced, through a true story and complicated plots. The teleplay was conducted by well-known conductors Ding Yinnan, Zhao Wenxin, and Ma Zhongyi, and was written by Ma.

#### Science & Technology

##### Seven Satellite Launches Planned for 1994

OW1502013394 Beijing XINHUA Domestic Service in Chinese 1111 GMT 8 Feb 94

[By Central People's Radio reporter Su Kuoshan (5685 2368 0810) and XINHUA reporter Jia Yong (6328 3057)]

[Text] Beijing, 8 Feb (XINHUA)—China will launch seven satellites this year, a record year for satellite launching.

Except for "SJ-4" ["Shijian-4"], a space probing satellite, and a simulated satellite, which were successfully launched today, the other six are "FY-2" ["Fengyun-2"] meteorological satellite, "DFH-3" ["Dongfanghong-3"] communications satellite, a satellite for scientific exploration and technological experimentation, all of which were developed and manufactured by China; "Asia-Pacific-1" and "Asia-Pacific-2" satellites, operated by the Asia-Pacific Satellite Company; and Australia's "Aussat B-3" satellite.

According to a briefing by relevant experts, in the launching of the abovementioned satellites, new models, different types, complex performance, and high technological demand are their characteristics. Some satellites represent the popularization and application of mature

technology, others signal the opening up of new technology and a new domain; some are for experiments ascending to a new level; and others mark an important move by China to ensure its place in the world domain of high science and technology. Among them, the "SJ-4" space probing satellite, which was launched by the "Long-March 3A" carrier rocket, was launched for the first time on an experimental basis—as will the other second-generation applied satellites, such as the "FY-2" meteorological satellite and the "DFH-3" communications satellite.

**SJ-4 Satellite's Instruments Operating 'Normally'**  
*OW1502142894 Beijing XINHUA Domestic Service in Chinese 1112 GMT 15 Feb 94*

[Text] Beijing, 15 Feb (XINHUA)— The "SJ-4" [Shijian-4] satellite, which was successfully sent into space on 8 February 1994, has entered its prearranged large, flat orbit. Researchers at the Space and Applied Research Center of the Chinese Academy of Sciences said that ground control received the satellite's remote measurement signals at 0423 [2023 GMT] on 9 February immediately after the satellite entered China's airspace for the first time. Initial scientific data has been obtained following the decoding of some signals indicating that the six scientific probing instruments on board have started working normally.

According to a person in charge at the Space and Applied Research Center of the Chinese Academy of Sciences who had just returned to Beijing from the Xichang Satellite Launching Center, the "SJ-4" is China's first special large, flat, high-altitude-orbit satellite designed to study the space environment and its effects [as received]. Immediately after the satellite entered orbit, the Satellite Measurement and Control Center of the State Commission of Science, Technology, and Industry for National Defense captured the satellite's remote measurement signals and measured the satellite's orbit. The satellite's greatest altitude from the earth is 36,133 km, its lowest altitude from the earth is 217 km, and its dip angle is 28.58 degrees. On 12 February, the Measurement and Control Center began an experiment which applied high pressure on its static analyzer remote control. Monitoring and measuring data indicated that the high pressure applied on instruments was normal and that the instruments had begun to sent back space-plasma data. Now, all the probing instruments on board have been put into normal operation.

With the special characteristics of the present orbit of the "SJ-4" the major purpose of the "SJ-4" is to probe and study charged particles in near-earth space and their effects on space vehicles. Its obtaining of systematic environmental data will help boost our country's research into the plasma environment. The successful launch of the "SJ-4" is helping to accumulate experience in using our country's powerful carrier rockets to launch applied satellites and in using experimental rockets to carry small scientific research satellites.

**Song Jian Stresses Environmental Law Enforcement**

*OW1502123094 Beijing XINHUA Domestic Service in Chinese 1029 GMT 3 Feb 94*

[By GUANGMING RIBAO reporter Lin Ying (2651 5391) and XINHUA reporter Zhu Youdi (2612 1635 2769)]

[Text] Beijing, 4 Feb (XINHUA)—At a national conference on environmental protection that closed today, State Councillor Song Jian pointed out: It is necessary to promote the development of China's environmental law system more quickly and vigorously, and emphasize investigations in environmental law enforcement this year. This is the most fundamental measure for implementing various environmental policies and plans.

Song Jian said: To promote the development of the environmental law system, it is first necessary to quicken and perfect legislation, such as the enactment of regulations on natural preserves, laws preventing solid waste pollution, and other environmental protection laws. Meanwhile, localities should also quickly enact local environmental protection laws. Second, it is necessary to strengthen supervision in law enforcement. For governments at all levels to realistically shoulder law enforcement responsibilities, government organizations and leaders must take the lead. Environmental control is the government's fundamental function, while environmental departments are representatives of the government in enforcing environmental protection laws. This is the mission empowered by the law, and the departments must be bold and strict in enforcing it. If we do not undertake effective environmental protection measures, heavy pollution will affect people's production and lives, and it will be impossible to maintain social stability and progress.

Song Jian said: The enforcement of environmental protection laws will be investigated in over a dozen provinces, municipalities, and autonomous regions this year. Localities must also conduct their own law enforcement investigations. These investigations should focus on checking and penalizing serious violators of the environmental protection law. Seriously harmful sources of pollution will be closed down, while others will be given deadlines to undertake remedial measures. We must also include biodiversity in our work this year as there are many problems in this respect. We must strengthen our control over environmental problems caused by village and town enterprises. For example, we must not allow the heavy pollution caused by small paper mills in the upper reaches of the Huai He to continue.

It is learned that the "Ninth Five-Year Program" on environmental protection as well as the 2010 long-term environmental protection and development plan will be formulated this year. The environmental program for adjoining regions of Shanxi, Shaanxi, and Inner Mongolia as well as the pollution prevention program for the Three Gorges Dam region on the Chang Jiang will also

be drawn up. In addition, comprehensive plans on acid rain prevention will be developed. An investigation and sewage disposal registration system will be implemented for tertiary industries such as the catering and service sectors. Meanwhile, environmental control in rural areas will be strengthened; pollution caused by village and town enterprises and its control will be investigated; and namelists of village and town enterprises nationwide as well as regions causing serious pollution will be announced. To further promote our country's environmental protection work, international cooperation will be actively sought and international conventions, of which China is a member, will be earnestly implemented.

#### Missile, Astronautics Journal Starts Publication

HK1502140894 Beijing GUANGMING RIBAO in Chinese 7 Feb 94 p 2

[By An Bo (1344 0590): "ZHONGGUO DAODAN YU HANGTIAN WENZHAI Published"]

[Text] With the approval of the State Science and Technology Commission, the first journal of specialized indexes on missile and astronautics—ZHONGGUO DAODAN YU HANGTIAN WENZHAI [CHINA MISSILE AND ASTRONAUTICS DIGEST]—began publication at the end of January. The journal is compiled and published in both Chinese and English, the first domestic journal of its kind to do so.

#### Construction To Begin on Hydroelectric Station

OW1602085594 Beijing XINHUA in English 0613  
GMT 16 Feb 94

[Text] Nanning, February 16 (XINHUA)—Construction is due to start on the Longtan Hydroelectric Power Station, on the Hongshui River in southwest China's Guangxi Zhuang Autonomous Region.

Cheng Kejie, chairman of the region, told reporters that the hydropower station is believed to be second only to the projected Three Gorges Hydropower Station in scale, and when it is completed it will be the second-biggest in Asia.

During the first-phase construction, a water control dam with a height of 375 m [meters] will be built, and seven generating units with a total generating capacity of 4.2 million kw will be installed. When this phase is completed the hydropower station will generate 15.67 billion kwh of electricity a year, according to Cheng.

During the second-phase construction, two more generating units, with an aggregate generating capacity of 5.4 million kw, will be installed.

The entire project will require a total investment of 30 billion yuan (about 3.448 billion U.S. dollars), of which 970 million U.S. dollars will be provided in the form of World Bank loans.

The chairman explained that the station will not only provide more electricity for Guangxi, but also play a positive role in fighting flooding on the lower reaches of the Hongshui River.

He said that the new hydropower station will be jointly built by the State Energy Investment Corporation, Guizhou and Guangdong Provinces and Guangxi.

Guangxi will bear 25 percent of the total investment needed and will be able to use 50 percent of the electricity to be generated.

The Hongshui River abounds in hydroelectric resources. The State Council has approved the building of ten stepped hydropower stations, with a total generating capacity of 11 million kw.

Construction has started on most of these hydropower stations; four of them have finished their first phases and are already transmitting electricity.

The chairman added that local departments are already busy with the preparatory work, including the building of highways leading to the construction site, for the formal launching of the Longtan Hydropower Station Project.

#### Economic & Agricultural

##### Article Views Deng Special Economic Zone Policy

HK1502125094 Beijing RENMIN RIBAO in Chinese  
7 Feb 94 p 5

[Article by Peng Lixun (1756 4539 8113) from the "Earnestly Study Volume 3 of the Selected Works of Deng Xiaoping" column: "Deng Xiaoping's Idea of Building Special Economic Zones Is Successfully Put Into Practice in Shenzhen"]

[Text] Comrade Deng Xiaoping's idea about building special economic zones is an important part of the theory on building socialism with Chinese characteristics. Comrade Deng Xiaoping said: "A special economic zone is a window on technology, management, and knowledge as well as a window on foreign policy. From the special economic zones, we can introduce technology, acquire knowledge, and learn management skills, which are also a kind of knowledge. The special economic zones can function as bases for opening up, thus not only enabling us to gain benefit in the economic field and in the field of training competent personnel but also in expanding our country's foreign influence." Comrade Xiaoping's brilliant thesis on special economic zones gave a scientific expression to the position and functions of the special economic zones in opening up and their significance in our country's four modernizations and also directly guided the construction and development of the special economic zones in our country and promoted the great practice of reform, opening, and modernization in the whole country through the exemplary role of the special economic zones.

The Shenzhen Special Economic Zone was China's first special economic zone founded and developed according to Comrade Deng Xiaoping's personal design and guidance. Over the past 14 years, under the guidance of Comrade Xiaoping's theory on building socialism with Chinese characteristics—especially his idea about building special economic zones—Shenzhen has developed from a backward border town into a modern metropolis, in which the productive forces have been growing rapidly and the people's living standards have been enhanced substantially. Between 1979 and 1992, the city's gross domestic product increased from 196 million yuan to 28.43 billion yuan, or multiplied 147 times; the gross income of the people [guo min shou ru 0948 3046 2392 0354] increased from 160 million yuan to 19.35 billion yuan, or multiplied 121 times; the gross industrial output value increased from 70 million yuan to 37.138 billion yuan, or multiplied 531 times; the annual export volume increased from \$9.3 million to \$5.097 billion, or multiplied 548 times. The gigantic achievements in the construction of the Shenzhen Special Economic Zone fully demonstrated the strong vigor and dynamism of Deng Xiaoping's thinking on building special economic zones.

**First, Going All Out To Develop an Outward-Oriented Economy and Accelerating the Process of Internationalizing Economic Life**

Comrade Xiaoping instructed that "the orientation of the special economic zones' economies should be shifted from the domestic market to the international market." That is to say, the special economic zone should go all out to develop an outward-oriented economy, and this is a major criterion for judging whether the special economic zone is being run successfully.

According to the spirit of Comrade Xiaoping's instruction, the Shenzhen Special Economic Zone went all out to develop an outward-oriented economy. Through its efforts over more than 10 years, Shenzhen has formed an outward-oriented economic structure which takes industry as the main component and is composed of industry, agriculture, trade, and technology. The zone has made great progress in the two aspects of introducing foreign funds and technologies and exporting products to earn foreign exchange. In 1992, Shenzhen concluded more than 10,000 agreements and contracts for using overseas funds with more than 30 countries and regions and had actually used \$4.5 billion in foreign funds. In the aspect of using foreign funds, Shenzhen had gradually upgraded from the stage of processing materials, assembling parts and components supplied by external clients and processing materials according to external buyers' samples, and conducting compensation trade to the stage of establishing the three types of foreign-funded enterprises and moving from labor-intensive projects to capital-intensive and technology-intensive projects. In addition to the use of external funds, Shenzhen also attached importance to importing equipment, technology, and intellectual resources. At the same time, Shenzhen made efforts to develop its overseas markets, actively

advanced transnational operations, and boldly participated in international competition and cooperation. In 1992, Shenzhen had developed trade relations with 122 countries and regions throughout the world, and its import and export volume was close to \$8 billion. In particular, the volume of exports exceeded \$5 billion, taking second place among all large and medium cities in China. In 1992, exported products accounted for 56.8 percent of the total industrial output value. Shenzhen had also gradually become an "entrepot" for the vast interior of the Chinese mainland, as it exported products from the interior and imported materials, equipment, and technology needed by those areas. Facts have shown that breaking the closed economic pattern, continuing to open up, going all out to develop an outward-oriented economy, and realizing the internationalization of economic life are the fundamental requirements for giving play to the "window" functions of the special economic zone and is also the only way to successfully conduct economic development in the special economic zone.

In the course of developing its outward-oriented economy, Shenzhen brought in foreign capital to establish three types of foreign-funded enterprises. This used to be a controversial issue in the past. Some people maintained that this would develop capitalism and would affect the socialist public ownership system. During his inspection of the south in 1992, Comrade Xiaoping gave an explicit reply to this question by citing the facts in Shenzhen as an example. He said: "We should not fear the establishment of more foreign-funded enterprises, as long as we keep ourselves sober-minded. We have advantages, as we have large and medium state-owned enterprises and township and town enterprises. More importantly, political power is in our hands." He added: "The three types of foreign-funded enterprises are constrained by the political and economic conditions of our country, and they are a useful supplement to the socialist economy. In the final analysis, they are conducive to socialism." This is a scientific conclusion drawn from reality, and has great guiding significance in both theory and practice for the formation of the ownership structure with public ownership as the main body and with the individual economy, the private economy, and the foreign-funded economy as supplements, in which a variety of economic elements will coexist and bring about common development in the long term.

**Second, Boldly Carry Out Economic Structural Reform and Establish a New Socialist Market Economic Structure**

The special economic zone should not only play a role as a window and a base in the course of opening up to the outside world, but should also play an experimental and sampling role in the course of reform and opening up to other domestic areas. Comrade Xiaoping emphasized many times: "The Shenzhen Special Economic Zone is an experiment." During his inspection tour to the south in 1992, he warmly affirmed that "Shenzhen's major experience is that it dared to make breakthroughs and

break new ground [gan chuang 2413 7068]." This required that the special economic zone be courageous enough to carry out reform experiments and to make explorations and innovations by breaking through the old systems and conventions that hindered the development of the productive forces.

In the past more than 10 years, Shenzhen persistently carried out market-oriented economic structural reform and carried out bold and advance tests in many fields, thus providing a great deal of important experience for the in-depth development of economic structural reform throughout the country.

In the field of reforming the enterprise property rights system and transforming the enterprise operational mechanism, Shenzhen took the management system in the foreign-funded enterprises as a point of reference in the course of transforming the management system and the operational mechanism of the state-owned enterprises. In 1987, it took the lead in the whole country in setting up the state-owned assets management organ—an investment management company—thus separating the function of managing state assets from the economic functions of the government. This was a useful experiment in exploring ways to separate management power over state assets from state ownership. At the same time, Shenzhen also took the lead in the whole country in carrying out pilot schemes for the adoption of the joint-stock system. At the end of 1992, there were more than 150 share-limited companies in Shenzhen, and 24 of them had been listed on stock exchanges. Because their operational mechanism underwent rapid changes, the companies that had been listed on stock exchanges substantially increased their net assets, profits, and tax-profit contributions. Practice shows that the joint stock system is a good model for the reform of the enterprise property rights system. It is conducive to the clear definition of enterprise property rights, represents the separation of the ownership over the enterprise assets from management power over such assets, and remodels the enterprise into a commodity producer and dealer that operates on its own, bears sole responsibility for its own profits and business losses, has the ability to make development on its own and to exercise self-control.

In the field of cultivating the market, Shenzhen has basically formed a comprehensive market system full of dynamism. In Shenzhen, there are markets for consumer goods such as farm produce and manufactured goods for daily use; markets for producer goods such as building materials, mechanical and electrical equipment, electronic assembly parts, and nonferrous metals; service markets providing storage, transportation, communications, tourist, and cultural services; and also the auction market for movable property, the market for property rights transfers, and the futures market. Many of these markets have developed on a considerable scale. Various types of markets have become rather mature, and the degree of their openness is quite high. The market rules are almost perfect, and the competition is rather fair. Market operation has basically moved onto a healthy

and orderly path. At the same time, prices are basically free, and price control is exercised on only a small number of goods and services. The prices of most commodities are determined according to the law of value and the supply-demand relationship on the market. The market-determined pricing mechanism has basically taken form.

In the area of transforming government functions and reforming economic control patterns through vertical and horizontal power devolution, government functions in Shenzhen have been gradually changed from direct to indirect economic control. Such economic means as financial and taxation policies, banking policies, foreign trade policies, and industrial policies have been used increasingly to regulate and control the market and guide enterprises. The economic functions of the government have been changed, and the enterprises have been basically separated from the government.

Over the past 14 years, Shenzhen constantly promoted development through reform and promoted economic growth at a high speed and in high efficiency through the transformation of the economic structure and the economic operational mechanism. Violent economic fluctuations were prevented. The vivid practice proved the correctness of Comrade Deng Xiaoping's brilliant thesis that "reform is also the emancipation of the productive forces."

#### Third, Correctly Using the Useful Achievements of Capitalism to Serve Socialist Construction

Opening up to the outside world, developing an outward-oriented economy, reforming the old structure, and establishing a new market economic structure are all related to the correct use of the useful achievements of capitalism for our own purposes. Comrade Xiaoping explicitly pointed out: We should adopt and use all achievements of advanced civilization, including those made by the developed capitalist countries, to develop socialism. In a certain sense, a major point in the experiments of reform and opening in the Shenzhen Special Economic Zone is how to use the useful achievements of capitalism to serve socialist construction. This includes the development of foreign economic and trade relations, the adoption of foreign funds, the introduction of advanced technology and various types of professionals, the adoption of the advanced operational forms and management methods prevailing in the capitalist countries as they reflect the general laws governing modern socialized production and the commodity economy, and taking as reference some economic policies and legislation in the capitalist countries that reflect objective economic laws. Being limited by the space, this article will only talk about how Shenzhen has used the effective capitalist practice in pursuing the market economy to serve the purpose of establishing the socialist market economy.

Over the past several hundred years of capitalist development, a whole set of market organizational forms,

operational mechanisms, and "game" rules have taken form. They represent the achievements of human civilization. Shenzhen boldly adopted and creatively applied them according to the needs of economic structural reform. For example, in the area of reforming the enterprise management system through running three types of foreign-funded enterprises, Shenzhen creatively adopted and applied the operational mechanism and management experience of Western enterprises, trained a large number of managerial personnel, and enhanced the level of enterprise management. The joint stock system that was adopted by enterprises in Shenzhen was also first developed in the West. By learning from the Western experience in developing joint stock companies, Shenzhen took the lead in China in transforming the state-owned enterprises according to the joint stock corporate system. Practice has shown that the joint stock system is not exclusively applicable to capitalism; rather, it is also an effective form of transforming our enterprise operation mechanism. Shenzhen also adopted the Western practice of handling enterprise mergers and bankruptcies, and thus established the enterprise property rights transfer system and the enterprise bankruptcy system. This promoted the flow of production factors to enterprises that achieve good economic results and increased effective supply in society. In the area of organizing and building markets, Shenzhen boldly adopted the Western countries practice of distributing resources through the market and commercializing the factors of production and took the lead in the whole country in establishing the labor and real estate markets. Land was transferred on a paid basis or was openly put up for auction. Shenzhen also adopted Western marketing methods, used Western market channels and sales networks, adopted international market regulatory mechanisms, and sold large quantities of products to the international market. In the area of economic control, Shenzhen also adopted the economic management methods of Hong Kong, Singapore, and other capitalist countries and regions. The original government departments responsible for managing various trades were transformed into enterprises, and a series of trade associations were set up to play a coordinating and intermediary role. The government of the special economic zone formulated a series of local laws and regulations with reference to the legal system in Hong Kong and other places and according to international practice, thus ensuring the orderly operation of the market mechanism under the control of the "game rules." It can be said that a major reason why Shenzhen could rapidly and smoothly move onto the path of the socialist market economy was that it dared and was good at adopting and absorbing the effective capitalist practices in developing the market economy.

When using the useful achievements of capitalism, Shenzhen adhered to the principle of "mainly applying elements to serve our own purposes," always proceeded from the realities, selectively adopted and introduced those elements that were useful according to our own needs, and creatively applied these elements. Practice has shown that, as long as we have adhered to this

principle, we would be able to correctly use the civilization achievements created by capitalist society in order to promote the development of the productive forces in socialist society.

**Fourth, Constantly "Using Both Hands to Grasp" the Work, and Actively Exploring the New Way To Develop Spiritual Civilization Under the Conditions of the Market Economy**

Comrade Xiaoping's instruction that the special economic zones are special "economic" zones rather than special "political" zones determines that the special economic zones must maintain the party's leadership and adhere to the socialist road. Therefore, in the course of building the special economic zones, we must always pay attention to properly handling the relationship between persisting in reform and opening and adhering to the four cardinal principles and must use both hands to grasp the work. Comrade Xiaoping said: "In the early 1980's, when establishing the special economic zones, I told the leading comrades in Guangdong that we should use both hands to grasp our work. That is, one hand should be used to grasp reform and opening, and the other hand should be used to severely crack down on economic crimes and to handle the ideological and political work. This is the two-point outlook [liang dian lun 0357 7820 6158]. During his inspection tour to the south, he once again stressed: 'Guangdong should catch up with the 'four little dragons' in Asia. Not only should it boost the economy, but its public order and public conduct should also be improved. It should catch up with them in the construction of both civilizations, and only this can be called socialism with Chinese characteristics.'"

Will Shenzhen be able to maintain the socialist spirit while carrying out reform, effecting opening, and making rapid economic development? This is an important question about which many people are concerned. We should say that such concern is not uncalled-for. Shenzhen is effecting a high degree of opening and is also adjacent to Hong Kong. It is situated at the marginal point of the two social systems and is undergoing changes brought about by the rapid pace of reform and the comparatively developed commodity economy. All these special conditions have indeed brought many new contradictions and problems to the construction of spiritual civilization. The party committee of the special economic zone was always soberly aware of this and attached great importance to strengthening the construction of socialist spiritual civilization while advancing reform, opening, and economic development. At the same time, it also actively explored the new way to build spiritual civilization while dealing with new issues under the new conditions of reform, opening, and the market economy.

While building spiritual civilization, the special economic zone mainly gave guidance to people's values and enhanced people's quality in order to cultivate people

with a lofty ideal, with moral integrity, with good education, and with a strong sense of discipline. The measures in this regard were rather concrete and effective. For example, the activities of "being good citizens and advanced units, and making Shenzhen a civilized city" were carried out consistently over a long time to promote Shenzhen's spirit of "pioneering, creation, unity, and dedication." Advanced individuals and institutions were elected regularly in the whole city on a large scale. Such activities played a positive role in giving value guidance to the people in Shenzhen. The party committee of the city also dialectically analyzed and treated the changes and influence brought by the commodity economy on the people's mentality. For example, the concepts of equality, competition, and efficiency are positive and progressive and should be promoted. Comrade Xiaoping also affirmed the slogan that "time is money; efficiency is life," which first appeared in Shekou. This idea has now taken root in the people's minds. On the other hand, Shenzhen was also soberly aware of the negative impact of the commodity economy on the people's thinking and mentality and effectively resisted money fetishism. In this regard, opinion media played a positive guiding role. Shenzhen also made great efforts to develop the cultural, educational, sports, and public health undertakings. In the 11 years between 1980 and 1991, Shenzhen's investment in educational undertakings accounted for 15.7 percent of the city's total expenditure. At present, there are all types of large and modern cultural, education, scientific and technological, sports facilities in Shenzhen. This is a major achievement which makes the people in Shenzhen proud.

Another important measure for building spiritual civilization in Shenzhen was to seriously carry out anticorruption struggle among cadres and party members, and always take anticorruption as a major task in ideological and organizational building. Shenzhen successively adopted a series of regulations and rules and adopted anticorruption measures such as the "two openings and one supervision." It took the lead in the whole country in setting up the administrative supervision bureau and the complaint centers against economic crimes in order to intensify management and supervision over party and government cadres. At the same time, it strengthened the comprehensive control over public security, and severely cracked down on various economic crimes and other crimes. All this played an important role in maintaining good public order and public conduct in the special economic zone. Practice shows that, as long as we use both hands to grasp the work, the special economic zone will certainly be able to maintain the socialist spirit and simultaneously develop both material and spiritual civilization while making rapid economic development.

**Li Peng Discusses 'Shopping Basket' Project**  
HK1502140794 Hong Kong *WEN WEI PO* in Chinese  
14 Feb 94 p a2

[Dispatch by staff reporter Chen Chien-ping (7115 1696 1627): China Has Decided That the Authorities Will Purchase Grain to Control Grain Sources and Guarantee Stable Grain Prices]

[Text] Beijing, 13 Feb (WEN WEI PO)—An authoritative source here has leaked word that the central authorities have decided that from now on grain can only be purchased by state grain departments, that grain purchasing prices can only be fixed by the state, and that no businessman is allowed to purchase grain in order to guarantee that the price of grain—a special, fundamental commodity—will remain stable.

The authoritative source quoted the central policy decisionmaking body as saying that the central authorities, which have drawn a lesson from last November's sharp increase in grain prices, maintained that the retail prices of grain can be freed in the future. The grain sources, however, must be controlled by the state rather than by small tradespeople and peddlers, because China's is a big socialist market, and the normal market order will be easily jeopardized by small tradespeople and peddlers if they are allowed to purchase grain.

The central authorities made it clear that, in order to carry out the state policy for keeping grain prices stable, the state grain departments will in the future be in charge of policy-related grain purchases while joining businessmen in selling grain at retail prices.

To carry out the above policy, the State Council called a national conference on matters related to the "shopping basket" and grain, cotton, and oil. Vice Premier Zhu Rongji presided over the conference.

Premier Li Peng said at the meeting: The present situation with agricultural production and market supply is good in general. There have been bumper harvests for years running, and the "shopping basket" project has achieved remarkable results. The total supply of farm produce—foodstuffs in particular—which had fallen short for quite some time, is comparatively ample now. Under such a good situation, however, fluctuations in the prices of grain, oil, and non-staple foods were seen in certain regions for a period following last November. The fluctuations were caused by many factors. But the most important factor, in my view, was that we lacked an adequate understanding of the need to exercise macro-control over the market under the new situation of lifting price controls. The current meeting is designed to seek unity in thinking, sum up positive and negative experiences, and find ways for our work on the "shopping basket" project and on grain, cotton, and oil to meet the demands of the socialist market economy.

He pointed out: China will make major strides in reform by introducing important reform measures this year. Whether we can smoothly carry out these major reform measures will have a bearing on the success or failure of the reform and a sustained, rapid, and healthy development of the national economy. To carry out reform successfully, it is necessary to maintain social stability and reassure the people. We must make great efforts to keep prices relatively stable, especially the prices of grain, oil, meat, vegetables, and eggs.

He continued: We must take into account the interests of people of all social strata in deepening reform. China's reform accords with the fundamental interests of the overwhelming majority of the people. In the course of reform, however, it is unlikely that each stratum or each person will gain the same interests and same substantial profits at the same time. Therefore, in doing our work we must take special care of the people who are not well off for the time being, especially those who are still leading a rather difficult life.

Li Peng said: At present, to control the farm produce market, we should do a good job in three respects. First, we should be careful to establish a system of reserves to regulate the prices of staple agricultural products, including grain, cotton, oil, meat, vegetables, and sugar; second, we should establish a system of market risk funds for grain and non-staple foods; and third, we should establish a system for supervising and controlling farm produce markets and strengthen the construction of a network providing information on farm produce.

Li Peng added: I have repeatedly stressed that governments in various localities, especially governments of large and medium cities, must be put in charge of the "shopping basket" project and that a responsibility system should be introduced under which mayors are held responsible for the project. The mayor must regard making adequate arrangements for the people's daily life his priority task, because this is a matter of prime importance for maintaining overall stability. This should be made a requirement of the mayors' responsibility system. The mayors' performance should be appraised every year, and the results should be reported to the relevant city people's congresses and all citizens.

#### Hong Kong Paper Views Wage Reform Implementation

HK1502150194 Hong Kong LIEN HO PAO in Chinese  
14 Feb 94 p 2

[By staff reporter from Hong Kong: "Wages in Mainland China Rise by an Average of 36 Percent"]

[Text] Mainland China completed its wage reform before the Spring Festival and gave a big Spring Festival gift to approximately 38 million servicemen, cadres, and teachers who were included in the wage reform so they could spend a "harmonious" Spring Festival.

Wage reform, which had been discussed and planned for a long time, was originally introduced with the civil service system. Due to the current high inflation, the grim economic situation, and the heavy tasks of reform, however, the CPC senior leadership decided at the end of last year that wage reform for cadres, servicemen, and teachers should be sped up and that it should be completed before the Spring Festival so as to maintain the stability of the "backyard" [hou yuan 0683 7108].

Following the wage reform, Jiang Zemin has become the official who receives the highest income. Of the many

titles he holds, he receives his salary with the highest-paying title of the Central Military Commission chairman, a monthly income of 1,600 yuan.

This time, there were not many new elements in the wage reform. It still determines pay scales with such indexes as seniority, post, and technical title; the higher the position, the higher the wages.

The wage reform's increase rate was 36 percent on average. The troops had higher rates than those for officials in the localities, and cadres had slightly higher rates than those for teachers. In the wake of the reform, high-ranking military officers and officials at the local ministerial level receive approximately 1,000 yuan; field officers and cadres at the local department or bureau level receive approximately 700 yuan, and cadres at and below the sectional level and general teachers receive approximately 400 yuan. The wage gap has obviously widened.

The wage reform was implemented at a time of rather large financial difficulties. For the 3 million troops, the state had to spend approximately 3 billion yuan and for the 30 million cadres and teachers, it had to spend another 20 billion yuan or so; so that their wages are paid according to the new pay scale retroactive to October 1993.

There are advantages and disadvantages in wage reform. The advantages are that it has stabilized the long shaky moral of the troops and the general moral of cadres and teachers. But its disadvantages seem to outnumber the advantages. First, at a time when organizational reform has not been completed and when organizations are overstuffed, wage reform has not succeeded in improving work efficiency. Second, under the current social situation, it will inevitably lead to competition and spark off big increases in wages. For large numbers of loss-making state-owned enterprises particularly, it will lead to rising labor costs and accelerate financial difficulties while their efficiency does not seem to improve. Third, the substantial wage increases will accelerate inflation. At a time when China is a the buyer's market, an increase in the currency that people hold in their hands will pave the way for a worsening economy.

#### Ten Universities To Start Charging Tuition Fees

HK1602001094 Hong Kong ZHONGGUO TONGXUN SHE in Chinese 1144 GMT 13 Feb 94

[Text] Beijing, 13 Feb (ZHONGGUO TONGXUN SHE)—The 10 institutes of higher learning in Beijing plan to adopt a new policy: Full-time college students enrolled this year will have to pay their tuition fees.

The individual in charge of the Beijing Office of the Institutes of Higher Learning said that these 10 institutes are: Beijing University, Qinghua University, Chinese People's University, Beijing Teachers' University, Beijing Foreign Studies University, Beijing College of Architectural Engineering, United College of Tourism,

Central Institute of Fine Arts, Central Conservatory of Music, and Beijing College of Linguistics.

According to the authorities concerned, the payment amount will be based on a certain ratio of the educational cost. The annual tuition fees for full time students are between 1,000 and 1,500 yuan.

Concerned personnel pointed out that, in pushing for this reform, the 10 institutes must establish and perfect a scholarship and student loan system. Teachers' and specialized institutes in disadvantaged circumstances will be given government support. Graduates from these institutes will benefit from preferential policies.

**Column Reviews Achievements of Auto Industry**  
*HK1502153494 Beijing RENMIN RIBAO in Chinese*  
8 Feb 94 p 2

[“Review and Outlook” column by Jiang Ying (1203 5391) and Gan Hongtao (3927 3163 3447): “Auto Industry Heads for New Development”]

[Text] [photo shows Mao Zedong standing with four unidentified people looking at a car] This is a valuable historical photo. The date is 21 May 1958, and Comrade Mao Zedong is in Huairontang of Zhongnanhai, looking with great interest at “Dongfeng,” our country’s first domestically produced sedan. He later said happily: Finally I can ride in a sedan that we manufactured. (the photo above)

But people in the know know that the sedan did not come from a modern assembly line, but was a sample car that was “hammered out” by highly skilled mechanics. The hand-crafted work was produced and presented to Comrade Mao Zedong as a token “gift” for the “Great Leap Forward.”

Back then, the assembly line only produced trucks. For a long time, any discussion of China’s auto industry was actually about the country’s truck industry. There was a saying which characterized the situation well: “A lack of light (vehicles), a shortage of heavy-duty (vehicles), and no sedans whatsoever.”

Thirty-five years have passed. Having started from scratch and expanded to a great scale, China’s auto industry has made enormous achievements.

In particular, in the 15 years of reform and opening up, China’s auto industry grew at a high annual rate of 19 percent, with its output volume jumping from 185,000 in 1979 to 1.28 million vehicles in 1993. The output volume of last year alone was four times the total volume of the 30 years prior to reform. The total output value rose from 7.2 billion yuan in 1981 to 120 billion yuan in 1993, one third of the total output value of the entire machinery industry. The auto industry was launched in the 1980’s; its output volume rose from 5,000 in 1985 to 225,000 in 1993, a 32-fold increase over eight years. For the last 15 years, through joint ventures and cooperation,

the auto industry has imported 200 various advanced technologies and has initiated 126 joint-capital firms. Direct foreign investment has amounted to over 3900 million, and all automobile products have introduced new models and have offered new ranges of models. There are now a dozen auto-production bases, such as those that produce the Jiefang, Dongfeng, Heavy-Duty, and Nanqi models in the country’s capital, Tianjin, Shanghai, and Shenzhen. China now can produce 103 ranges of basic car models, from heavy-duty, medium, and light-duty to mini types, and 750 types of specialized and remodeled vehicles. Manufacturing standards, product quality, and management levels have all entered a new stage.

The 14th Party Congress proposed speeding up the development of the auto industry as a pillar industry for the national economy. Between now and the end of this century will be a critical period for our auto industry, which will take on key development problems. During this time, the auto industry will increase investment, will work to create as quickly as possible a number of business conglomerates capable of responding to the two markets which are internationally competitive, and will establish an independent product development system with decisionmaking powers. By 2010, the industry will be producing 6 million vehicles annually. The economical sedan, most suitable for carrying the whole family, will be the leading product.

Most encouragingly, the state is going to unveil an industrial policy designed to speed up the development of the auto industry. At the same time, car business groups are pursuing a “power-power” [qiang qiang 1730 1730] type of joint venture which links up different enterprises, regions, industries, and departments, with all partners investing jointly to import new and high technologies. For China’s auto industry, today is a historical turning point. It signifies the end of isolated and disparate management and the repetitive imports and projects that have long plagued auto production. China’s auto industry will finally be on its way to a high technological starting point, mass production, specialization, and production based on economies of scale and will enjoy healthy and rapid development. (The photo to the left: the general assembly line for Audi Sedan at No. 1 Auto Maker) [photo shows cars in a line in a warehouse]

**Circular Views Delegating Powers in Foreign Trade**  
*HK1602064494 Beijing GUOJI SHANGBAO in Chinese*  
4 Feb 94 p 2

[“State Council Circular on Approving and Transmitting Opinions of State Economic and Trade Commission, MOFTEC, and Domestic Trade Ministry on Delegating Power in Import and Export Operations to Commercial and Material Supply Enterprises on a Trial Basis—State Council Document No 76, 1993”]

[Text] To all provincial, autonomous regional, and municipal people's governments, ministries, commissions, and organizations directly under the jurisdiction of the State Council:

The State Council approves the "Opinions on the Delegation of Power in Import and Export Operations to Commercial and Material Supply Enterprises on a Trial Basis" of the State Economic and Trade Commission, the Ministry of Foreign Trade and Economic Cooperation [MOFTEC], and the Ministry of Internal Trade [MIT]. We hereby relay this document to you; please implement it accordingly.

Delegating import and export powers to commercial and material supply enterprises is one important measure to deepen circulation restructuring, expand opening up, augment the vitality of large and medium-sized state-owned enterprises, and quicken pace of developing tertiary industry. All localities and related departments may select some large and medium-sized commercial and material supply enterprises that fall in line with the conditions of the experiment based on the opinions of the three ministries on the implementation of the measures on a trial basis in different stages and batches in an active, sure, and steady way.

The State Economic and Trade Commission, MOFTEC, and the MIT should promptly summarize experiences in delegating powers to commercial and material supply enterprises on a trial basis and earnestly resolve enterprises' problems which surface in unfolding exports to push the smooth progress of this work on a trial basis.

PRC State Council  
4 November 1993

#### ANNEX

##### Several Opinions on Delegating Powers of Import and Export Operation to Commercial and Material Supply Enterprises

Based on the spirit of the "Resolution of the Central Committee and the State Council on Quickening the Pace of Developing Tertiary Industry" and the State Council's requirements on selecting large and medium-sized commercial and material supply enterprises where conditions are mature to delegate import and export operational powers to them on a trial basis, we hereby set out several opinions on this issue as follows:

##### I. Principles for Delegating Powers of Import and Export to Commercial and Material Supply Enterprises

1. Delegating powers of import and export operations to commercial and material supply enterprises on a trial basis aims chiefly at deepening restructuring of circulation, expanding opening up, and augmenting the vigor of large and medium-sized state-owned commercial and material supply enterprises to quicken the development of tertiary industry.

2. First, it is necessary to select a small number of commercial (including commercial, grain, supply and marketing) and material supply enterprises, with comparatively satisfactory economic returns and a certain foundation in import and export work, to delegate powers to them on a trial basis.

3. To enable work in this aspect to be conducted in an active, sure, and steady way, when determining an enterprise to conduct import and export operations on a trial basis, it is necessary to conform with the actual conditions of China's commercial and material supply enterprises; at the same time, it is imperative to take into consideration the present conditions of China's foreign economic and trade structure in conducting examination and approval and strictly abide by the stipulated conditions.

4. While chiefly examining an enterprise's own conditions, it is imperative to give appropriate consideration to the distribution of trades and regions in selecting enterprises for the experiment.

5. Commercial and material supply enterprises granted powers of import and export operation (limited to experimental commercial and material supply enterprises as follows) should achieve a basic balance, and the scope of their import and export operations should be unanimous with the approved scope of their domestic operations. In principle, experimental commercial and material supply enterprises should refrain from operating in commodities imported with central foreign exchange in unified joint operations stipulated by the state. Commercial retail enterprises are not to participate in wholesale operations for imported commodities or act as agents for imported commodities; an enterprise's import volume should not exceed the annual sum of hard currency it brings in.

6. Experimental commercial and material supply enterprises should take up the task of bringing in hard currency issued by the state and handing over hard currency to the central treasury, report and submit statistical materials to responsible economic and trade departments according to the regulations, and accept guidance and supervision of the departments in charge of import and export operations, while subordinating themselves to the coordination of related import and export commercial chambers. Experimental commercial and material supply enterprises enjoy the same treatment as foreign trade enterprises in state import and export policy.

7. In principle, powers of import and export will be directly delegated to those commercial and material supply enterprises who apply for the experiments; in general, no other foreign trade companies will be examined and approved.

##### II. Conditions Which Experimental Commercial, Material Supply Enterprises Must Fulfill

1. They must be economic bodies with the government and enterprise separated, operating on their own, and

assuming sole responsibility for their own profits and losses. The core enterprise of the enterprise group must implement unified control over enterprises in its inner circle, and general companies (including joint companies) should do likewise regarding those enterprises directly under their jurisdiction.

2. They must own permanent operational sites as well as the installations and funds needed for unfolding import and export operations, and they must have complete and healthy internal organizations and professionals in foreign trade and technology corresponding to import and export operations.

3. Material supply and commercial wholesale enterprises directly under departments and in the coastal areas should import a minimum of 1 billion yuan of commodities each year, and material supply and commercial wholesale enterprises in the hinterland must import a minimum of 300 million yuan.

4. With regard to those material supply and commercial wholesale enterprises mainly operating in electrical machinery products directly under the jurisdiction of departments and in the coastal areas, they must accomplish a minimum annual import and export volume of 600 million yuan, and the minimum annual import and export volume in the hinterland must be 200 million yuan.

5. The minimum annual import and export volume of commercial retail enterprises must be 300 million yuan.

6. Generally, the export volume should not be less than one-third of the aforesaid import and export volume.

7. Taking into consideration the realities of China's commercial and material supply enterprises, when their import and export volumes fail to meet the aforesaid standards, their marketing volumes may be regarded as their reference figures for the initial stage of the experiment.

8. Regarding those commercial retail enterprises who specialize in Chinese commodities and stores which have already opened in the former USSR, Eastern Europe, and other peripheral countries, powers of barter trade may be delegated to those which have established such enterprises in those countries.

### III. Procedures For Application, Examination, and Approval

1. Applications for local enterprises should be sent to the State Economic and Trade Commission, MOFTEC, and the MIT by economic commissions and economic and trade commissions (foreign trade administrations) of all provinces, autonomous regions, municipalities, and cities with individual listings in plans.

2. Applications for enterprises directly under jurisdiction should be sent to the State Economic and Trade Commission, MOFTEC, and the MIT by the various responsible departments.

3. Materials which should be included in the application are: A report on the feasibility of the enterprise operating in imports and exports, the opinions of the responsible administrative department on the enterprise, the operational conditions of the enterprise in the previous two years (State Statistics Bureau or local statistics bureau's original statistics) and its actual results in imports and exports, the enterprise legal person operational license, the enterprise's actual funds situation, and a catalogue of the import and export commodities of the applicant enterprise.

4. After the MIT receives the applications from various localities and departments, it will set out its opinions on its preliminary examinations to the State Economic and Trade Commission, which will examine the applications of enterprises sent by departments and localities, then it will submit its opinions on those enterprises that fall in line with MOFTEC's conditions, which will examine and give its official written reply.

State Economic and Trade Commission

MOFTEC

Ministry of Internal Trade

16 October 1993

### Vice Minister Views Agricultural Training Project

HK1502113194 Beijing ZHONGGUO XINWEN SHE  
in English 0922 GMT 15 Feb 94

[Text] Beijing, February 15 (CNS)—Vice Minister of Agriculture, Mr. Hong Fuzeng, speaking in an interview with this agency, said that China now was implementing the "Green Project", a huge programme to train 160 million farmers in agricultural technology in the broad rural areas of the country.

Mr. Hong, also vice chairman of the Jiu San society (one of the eight democratic parties in China) and in charge of this project, said that there were three methods for teaching farmers agricultural technology. The first is to train a contingent of laborers with technology through popularizing agricultural science and technology among farmers. The second is to give 160 million farmers who now have middle school education a qualifying certificate in the "Green Project" after its implementation, enabling them to take a lead in agricultural production, and the third is to develop a contingent of agricultural management cadres and technicians for townships and villages by giving them technical secondary education.

According to Mr. Hong, the "Green Project" was now being implemented in 27 provinces, autonomous regions and municipalities with more than 300 trial counties and over 200,000 participants taking part while over 60,000 have already been awarded the certificate of the "Green Project". By the year 2000, farmers receiving this kind of education will number 8 million to 10 million, enabling every 20 farming households to have one backbone

farmer amongst them with the practical rate of agricultural scientific and technological results raised to between 60 percent to 70 percent, up from the present 30 percent to 40 percent.

In addition to the implementation of this project, another important measure for the reform of agriculture in the country is to practice ecological agriculture. Agriculture in China is now facing a number of problems such as increasing environmental pollution, the worsening of water quality in coastal areas, the deteriorating ecological environment, the shortage of resources, the increasing of population and the increasing of the burden placed on agriculture. Regarding this situation, seven ministries and commissions under the State Council will, together with relevant provinces, autonomous regions and municipalities, engage in the construction of ecological agriculture in 50 counties from this year to 1997, in order to create ecological agriculture with Chinese characteristics in the country.

**'Five Major Crises' Facing Rural Enterprises Noted**  
HK1502143894 Hong Kong LIEN HO PAO in Chinese  
14 Feb 94 p 9

[“Special dispatch” from Beijing: “Township and Town Enterprises Face Five Major Crises”]

[Text] According to surveys conducted by the department concerned, township and town enterprises on the Chinese mainland are facing the following five major crises:

—Crisis of mechanism. State-owned enterprises currently have decisionmaking powers and a more flexible operational mechanism. The market mechanism has given the state-owned enterprises an opportunity to compete with township and town enterprises on an equal basis, thus weakening the flexibility of the latter's economic mechanism. Furthermore, because their operational mechanism has yet to be perfected, the competitiveness of township and town enterprises has been seriously weakened.

—Crisis of dependence. Most township and town enterprises attach themselves to large enterprises in the cities for coordinated or joint processing. Due to their processing nature, their economic patterns, management methods, techniques, equipment, and technical personnel have become fixed over a long period. For this reason, they tend to depend heavily on others, giving rise to the lack of competition and risk concepts.

—Crisis of management. Not having received systematic and regular basic training, most directors, managers, and managerial personnel from township and town enterprises cannot do as much as they wish in the face of an unpredictable market.

—Crisis of science and technology. In the past, scientists and technicians worked for township and town enterprises because they were upbeat about the flexibility of

the latter's operational mechanism. After being invigorated, state-owned enterprises have an edge over township and town enterprises in terms of scientific research expenses and conditions. As a result, the shortage of talented personnel facing township and town enterprises will become worse.

—Crisis of products. Township and town enterprises are generally plagued by problems of outmoded equipment, crude technology, and backward techniques. Moreover, due to the constraints of funds, technology, and other factors, they are obviously inferior to state-owned enterprises in terms of upgrading products.

**Article Says Human Factor Boosts Farm Output**  
OW1502121394 Beijing XINHUA Domestic Service in Chinese 0647 GMT 6 Feb 94

[Article by reporter Pu Liye (5543 4539 2814): “Reform Has Liberated the Most Active Factor of Productive Forces—The Lesson of Our Country's Grain Output Increasing by Leaps and Bounds”]

[Text] Beijing, 6 Feb (XINHUA)—Despite a decreasing amount of arable land, our country's total grain output reached 456.4 billion kg in 1993, thus exceeding the previous record high by 10.2 billion kg. These figures signify that our country's overall grain production capability has stabilized to reach the level of producing 450 billion kg annually.

China's grain output has jumped by leaps and bounds over the past 15 years, increasing from 300 billion kg in 1979 to 450 billion kg in 1993. Fifteen years is a very brief period in the long history of humans. The sharp increase in grain output over the 15 years represented a quantum jump in the several thousand years of history of farming in China. It is exactly because of this quantum jump in grain production that the Chinese people have realized the dream of having attained the sufficiency in food and clothing that had long eluded our ancestors.

With only 7 percent of the world's arable land, China has solved the problem of feeding and clothing 22 percent of the world's people. This undoubtedly represents a great contribution to the entire human existence and development, and it has surprised the entire world. According to a foreign economist's analysis, between 1980 and 1991, China contributed 20 kg out of every 50 kg of the increase in the world's gross grain production. The same foreign economist observed: “It is a miracle in the history of the world economy; it is simply incredible.”

This is a towering monument to bountifulness erected by China's 900 million farmers on some 1.4 billion mu of farmland. The most fundamental reason behind it is the reform that has liberated the most active factor for productive forces—human beings.

(1)

When New China resolutely parted with the old age, which had lasted for thousands of years and which was a synonym for hunger and poverty, it failed to establish a set of excellent operating mechanisms that could effectively encourage production and help increase the market supply. Possessing neither the right to manage the land nor to manage the produce, farmers' enthusiasm for production was greatly dampened. From 1957 to 1978, a span of 21 years, our country's per capita annual increase in grain production was less than 0.6 kg. This cruel reality had forced the state to practice a rationing system for the supply of some staple agricultural products. By 1978, when the Republic marked its 29th anniversary, there were still more than 200 million people in the nation struggling against hunger.

"If people go hungry, can we call this socialism?" In December 1978, farmers in Xiaogan village, in Fengyang County, Anhui, while running the risk of being thrown into prison, ignited the spark of the contract responsibility system and unveiled the curtain on rural reform. The spark spread throughout the nation and in one stroke reversed the stagnation that had long affected the agricultural sector. In 1982, the total national grain output reached 354 billion kg, an increase of about 50 billion kg over 1978. By 1984, the nation's gross grain output increased to 407.30 billion kg, a further increase of 50 billion kg from 1982, and the per capita possession of grain reached 400 kg, thus nearing the world's average level for the first time.

Farmers elatedly hummed tunes while harvesting. Ordinary people, however, were puzzled by the agricultural miracle that the farmers had helped to create. They noted that before the introduction of the reform, the emphasis on "taking agriculture as the key link" had been repeated time and again and that 800 million farmers were bound to the earth for farming. Despite all this, grain production remained stagnant. Following the introduction of the contract responsibility system, not only grain production posted sharp increases but the production of other agricultural sideline products, forestry products, animal husbandry products, and aquatic products also registered great increases.

An economist had the following explanation: A comparison between 1949 and 1952 showed that because of farmers' heightened enthusiasm for production due to farmland having been distributed to them, they helped boost overall annual grain production by 13 percent. However, we miscalculated the situation, thinking that collective farming would bring about higher efficiency than family-style operations. Farmland operations were then turned into collective and unified operations, and areas of farming activities that were put under control were further expanded. Because laborers, who in the first place should be the most active factor of the productive forces, were "dead," the key production element for farming could not be "enlivened." The household contract responsibility system, which links remuneration

with output, gave the farmers the right to manage the land. The benefit mechanism fired up farmers' enthusiasm for farming, which brought about creativity that was unthinkable in the times of people's communes.

Farmers had a simpler explanation: "After fulfilling the set quotas for the state and for the collectives, the rest is ours." The results of labor and the benefits for the producers were thus closely interlinked. The contract responsibility system elicited a sense of responsibility, inspired enthusiasm, and led to bumper harvests.

(2)

Today, if we take a walk through urban and rural market places, we will find an abundant supply of grains, fowls, fish, meat, eggs, vegetables, and dairy products. There is a dazzling display of various lines of food products in stores. Following the successful solution of the basic problem of "filling the hungry stomachs" in the mid-eighties, we then entered a stage where we became particular about the nutrition, tastes, and varieties of what we eat. This shows the historical change that has occurred to grain varieties and product quality.

Production and consumption is an inseparable "pair." Market is an indispensable link between them. But before our country carried out the rural reform, the link was artificially cut off and the "pair" was separated. In the area of crop planting, people were told: "Plant as told." In the area of eating, people were told: "Eat whatever is available." Both producers and consumers lost the right of autonomy.

Reform finally dismantled the barrier that separated the producers and consumers and established a link for the market. From 1985, the year that saw the issuance of the CPC Central Committee Number 1 Document, which announced the reform of the system of the state's monopoly over grain purchase to the nineties which saw the lifting of controls on grain procurement and marketing, grain has entered the market as a commodity. Amid the gradual yet positive and steady reform, the market's role was recognized, market forces were constantly expanded, and market mechanisms were introduced one after another.

The opening of the market gave the right and room of maneuver for farmers to decide on production on their own. This undoubtedly is another liberation of the productive forces in rural areas.

Now, hundreds and thousands of farmers can hold their heads high. They plant crops with market demands in mind. They say: "I will plant whatever the market demands." In 1992, farmers in six provinces, including Guangdong, Zhejiang, and Fujian, riding on the crest of the tide of reform, reduced the acreage of long-grained nonglutinous rice which suffered sluggish sales on the market; instead, they increased the planting acreage of 17.90 million mu of superior-quality rice. The following year, the craze to engage in "high-yield, high-quality, and high-efficiency farming" infected the entire nation.

According to the Agriculture Ministry, the nation saw the shrinking of the planting acreage for long-grain nonglutinous rice by over 12 million mu and the increase over 100 million mu of acreage for superior-quality rice in 1993; compared to the previous year, the acreage for superior-quality wheat was increased to over 3 million mu; acreage for soya bean and other food grains was increased to over 34 million mu over the previous year. It may be said that the product quality and the structure of varieties of the current 450 billion kg of grain are far superior to those in the past.

"When the people are alive, the market gets enlivened, and the earth also awakes." The folks use the above simple yet concrete language to describe the truism that has brought about all the changes that have occurred so far.

(3)

Capital, materials, and science and technology are three major factors for developing grain production. But these three major factors require the efforts of farmers. Increasing chemical fertilizers, pesticides, and plastic sheeting output and widespread promotion of agricultural science and technology over the past 15 years have greatly contributed to the increase in grain production by leaps and bounds.

What gives us much food for thought is that prior to reform and opening up, there existed the same key elements for production and the same degree of importance had been attached to those key production elements. But they were like "a cesspool of dead water."

People still remember the policy of the "Eight-Point Character for Agriculture" proposed by Mao Zedong. However, even at Mao Zedong's personal prompting, it was difficult to put that Eight-Point policy into practice. The state invested a lot of funds into the agriculture, but they produced little results. Despite a lot of scientific achievements in those days, they failed to take root.

It's easy to find the reasons for the above problems. Under the shackles of the old system, farmers "started and stopped working at the sound of the whistle." They just did not care. As they did not have autonomy, they were powerless to make things move. They used to say: "What is the use of producing more grain?"

Reform has liberated millions and millions of farmers from the shackles of the old system. When this human factor becomes brisk, all other key elements for production will no longer remain in "a cesspool of dead water." Statistics show that in 15 years of reform, the overall generating power of our country's farm machinery jumped 1.6 times, the number of tractors owned by farmers increased 3.4 times, trucks for farm-use grew 8.5 times, of which 80 percent of the growth in farm machinery came through farmers' purchases. The fact that hundreds and thousands of farming households' snapping up farm-machinery has brought about the following changes: Acreage plowed by farm machinery in China has increased 26 percent; acreage sown by farm

machinery jumped 95 percent; and farmland harvested by farm machinery is up 3.5 times.

Reform and opening up have liberated the most active factor in the productive forces and enabled science and technology to display its power as the "primary productive force." When the prairie fire of the contract responsibility system swept through the great earth of central China, there were reports of news on people "fighting for the god of fortune." Now, the farmers' longing for science, technology, and talented people is the strongest of any time. They not only try every possible means to "fight for things that grow money," for "technology," and for "patent rights," but are willing to spend money to train "local talents." In just five years during the Seventh Five-Year Plan period, the acreage of China's cross-bred paddy rice fields was expanded from 100 million mu to 230 million; cross-bred corn field from 190 million mu to 270 million; and farmland covered by plastic sheeting from 31.50 million mu to 53 million.

When talking about the tremendous changes that had been brought to agriculture, farmers invariably attributed those changes to the party's good policies. They did not say that just to flatter the party; they really meant it.

The lesson from the grain output increasing by leaps and bounds over the past 15 years is: Human beings are the most active element of the productive forces. When the human factor gets activated, it will produce a chain reaction upon other key elements for production and lead to a situation where "one will try his or her best; things will serve their proper purpose; and the earth provides of its own accord."

**Lessons of Grain Price Fluctuations Viewed**

*HK1502012294 Beijing LIAOWANG in Chinese No 5, 31 Jan 94 pp 12-13*

[Article by staff reporter Jiao Ran (3542 3544): "Enlightenment Gained From Grain Price Fluctuations"]

[Text] Grain prices in the south China market have been experiencing broad fluctuations recently, giving rise to great concern at various levels of the government. A series of regulatory and control measures has been implemented, and grain prices have now stabilized.

But what does this unanticipated round of grain price fluctuations mean? What lessons and experiences can we learn from the situation? People have not stopped pondering these questions since the grain prices stopped fluctuating.

**The Problems Exposed by the Grain Price Fluctuations**

Last year, after restrictions on grain prices were lifted in the country, the peasants, who had experienced "difficulties in selling grain" for years, hoped that grain prices would increase but also feared that they could not be able to sell their grain. When the summer grain purchasing season arrived, the advantages to peasants brought about

by the lifting of restrictions on grain prices and by the provision of many channels for purchasing grain became immediately apparent and peasants no longer worried about grain selling difficulties. Under these conditions, many peasants compared the prices offered by several purchasers and sold their grain to the one who offered the highest price. Particularly after the early crop witnessed a drop in output, the peasants became more reluctant to sell their grain at low prices. In this way, state-owned grain enterprises experienced "difficulties in purchasing grain," and this to some extent led to the illusion of a grain shortage.

State-owned grain enterprises contributed to the problem because they failed to adapt to the new situation when the restrictions on the grain market were lifted, and the number of loss-makers among them increased dramatically. The situation was exacerbated by the fact that many local governments cut financial subsidies to grain enterprises, and, therefore, grain enterprises also hoped to see an increase in grain prices in the market.

In addition, because the areas under grain cultivation in the coastal region in south China have decreased substantially, the market areas in the coastal region have approached the producing areas in central China to purchase grain and are competing with the grain-purchasing departments there, leading to an upsurge of prices in the grain market.

Experts pointed out that, following the lifting of the restrictions on the grain market, a moderate increase in grain prices is understandable and is also good for the development of grain production. In a bumper harvest year and during the autumn grain purchasing season, however, it is abnormal to see a great increase in grain prices, which even skyrocketed in some localities. The state has decided to increase the purchase price of grain this year, and a sharp increase in grain prices would be very unfavorable to stabilizing prices throughout the country. If the government still does not come out to intervene in the market at this time, the interests of the consumers will be badly harmed, and social stability and the overall situation of deepening reform will be affected.

When we reflect on the situation, the main motive forces behind thoroughly lifting the restrictions on the grain market last year were: Lifting the restrictions on selling prices in cities, changing the situation whereby purchasing prices were higher than selling prices, reducing the government's financial burden, and, through developing the market's role in regulating production, to arouse the peasants' enthusiasm for producing grain and increase grain supply for all of society. This original plan of "killing two birds with one stone" was not wrong. The problem was that, after the restrictions on the grain market were lifted, we failed to respond to the situation by quickly building a new protection system ensuring stability in grain supply and demand.

State-owned grain enterprises have been slow in changing their operational mechanisms, and they have been facing operational difficulties since the lifting of restrictions on the market. In many cities, the business volume of state-owned grain enterprises accounts for only one-third of grain supply in society. In the rural areas, being restrained by the system and certain policies, state-owned grain-purchasing departments also cannot compete with other grain purchasers who are operating within other channels. Following the lifting of restrictions on the grain market, this stripped the government of a "handle" on macro regulation and control.

On the government side, for various reasons, the money originally used as subsidies could not be transformed into risk funds as people have expected, and, therefore, some administrative means have been taken unavoidably.

Speaking in a certain sense, the price fluctuations in the grain market during a bumper harvest year have revealed the shortcomings of the grain market system and have pointed out the direction in which the reform of grain system should be deepened further.

#### "Cheap Grain Hurts the Peasants" and "Expensive Rice Hurts the People"

What is noteworthy is that, within the government's regulation and control of the grain market, handling relations between the producers and the consumers is the most difficult problem.

"Cheap grain hurts the peasants," and this has been known to the people since ancient times. Throughout the history of China we can see the authorities resorting to a regulatory method in which they buy rice when its market price is too low and sell rice when its price has increased. We are currently reforming the centralized system for purchasing and selling grain and are marketizing grain production and operation. One of the major reasons for doing this is to increase returns from grain production and operation through the establishment of a new system in order to arouse the peasants' enthusiasm for production.

Generally speaking, at a time when the market is regulating the economy, production elements will usually flow toward the sectors which have high profit rates, whereas grain production has a relatively low profit, and grain supply can be ensured only when certain protection is given to the producers. Grain is not an ordinary commodity, and changes in the relations between supply and demand have a direct bearing on social stability; as the most basic necessity of life, grain is a strategic commodity which ensures the country's security. Therefore, even in developed countries, grain production and operation is not purely marketized. To a big country such as ours—which has 1.1 billion people, 200 million peasant households, and a comparatively weak agricultural production foundation—the degree of difficulty in marketization of grain production and operation will be even greater.

Experts maintain that the government's regulation and control over grain, which is a special commodity, is difficult because it cannot just "take care of one aspect." When grain prices in the market are low and "cheap grain hurts the peasants," it will eventually lead to inadequate production and a rapid increase in grain prices; when grain prices in the market are too high and are breaking the consumers' backbones, not only will there be a cobweb effect in the market and social instability, but the sharp increase and decrease will distort market signals, lead to an unbalanced agricultural production structure, create new "difficulties in selling grain," and eventually bring disadvantages to producers.

Therefore, after restrictions have been lifted from the grain market, we must build a forceful, authoritative, and keenly responsive system as quickly as possible to exercise macroregulation and control over the market, and to carry out flexible regulation at any time depending on fluctuations of grain prices in the market; this is the correct way to properly handle the relations among producers, operators, and consumers on the premise of protecting the peasants' enthusiasm for growing grain.

#### **The Market Calls for a New Regulatory and Control System**

After analyzing the fluctuations of grain prices this time and the experience of the 15 years of reform, economists have pointed out that, in a big country such as China, in order to ensure the stability of the grain market, the government must build a regulatory and control system which is forceful, authoritative, and responsive to changes in the market situation. In particular, attention must be paid to properly protecting the interests of producers. Because, from a long-term perspective, the shortage of grain supply will be the main contradiction; in the short term, relative and regional surpluses will be a secondary contradiction. In concrete terms, in the areas of grain purchasing, grain selling, and market regulation and control, the government must build a whole set of systems which adapt to the new situation and are in line with the country's conditions.

Experts have pointed out that, following the lifting of restrictions on the market, the government's purchasing behavior—how much it purchases and at what price—will have a direct impact on the economic behavior and economic interests of the main body of the market. Therefore, the government will still be the most crucial factor contributing to market stability. Whereas the building of a reserve system is the core of the building of a grain system as well as an important means by which the government can regulate, control, and intervene in the market.

A complete state grain reserve system should at least include the following aspects: A price protection system, a grain risk fund system, a grain reserve system participating in international grain trade system, and a system of targeted subsidies.

The price protection system is the government's most important tool for protecting peasants and regulating the interests of various quarters of the market. After the lifting of restrictions on the market, there will be fluctuations in the market every year, and the government's duty is to buy the peasants' grain at protected prices when market prices are too low to protect the interest of the producers; when market prices are too high, the government will release to the market grain that was purchased at protected prices, to check the upsurge of grain prices and protect the interest of the consumers. The price protection system must be supported by the grain risk fund system. The size of the fund determines the government's ability to give protection. Furthermore, the system of macro regulation and control over grain must have the right to participate in the international grain trade. With such a right, when the country has bumper harvests for several consecutive years, the reserve system can resort to export as a form of regulation in order to solve the difficulties in purchasing and storing grain, and vice versa. An understanding of the international market can be seen as a necessary condition which must be acquired by an open macroregulation and control system.

A system of targeted subsidies should also be considered while we are building a new system. Under the system of state monopoly for the purchase and sale of grain, what our country has implemented is a policy of subsidizing the whole people. At present, within the wages of each and every urban worker there is nearly 20 yuan in food subsidies. When the income gap among urban residents widens, there will be no need for the government to continue subsidizing the portion of population which earns a lot of money; it should, however, concentrate its financial strength on ~~subsidizing~~ the low-income population. Experts maintain that effective procedures to implement this idea should be formulated, such as opening some state grain shops selling ordinary government-subsidized food at low prices, to ensure that "people are fed but not with quality food."

#### **Separation of Government and Enterprises**

After the lifting of the restrictions on the market, another urgent reform is to change operational mechanisms within state-owned grain enterprises and establish a new system in which a policy-based grain regulation and control system coexists with an enterprise-like grain operation system.

At present, state-owned grain enterprises have their own economic interests, but at the same time they perform a regulatory function of a policy nature. The consequence is that, during actual practice, it is easy to have contradictions between enterprise behavior and government behavior, to the extent that government regulation and control cannot be really implemented, or even that market contradictions are intensified. This point has become very clear during the several rounds of fluctuations in the grain market over the past 15 years of reform. Therefore, economists maintain that the crucial

link in the new system is to solve the problem of mingling government and enterprises in state-owned grain departments, that is, to separate grain of a policy nature from grain of an operational nature, so that at the same time when state-owned grain enterprises truly walk toward the market, the government acquires a means of macro regulation and control which can discharge government functions and duties independently.

After the lifting of restrictions on the market, another big thing the government must do is to establish a number of regional grain wholesale markets and a series of corresponding market regulations to enable the flow of grain to have a channel through which the state can conveniently exercise control.

At present, our country has already established a large number of grain wholesale markets, as well as several

futures markets. But a market order has not been formed, and there are enthusiastic transactions outside the market and unenthusiastic transactions within the market. According to experts, the state should stipulate that interprovincial grain regulation should be traded in the large-scale wholesale markets established by the state. Only in this way can we form a new pattern in which the state regulates and controls the market, the market guides enterprises in operation as well as guiding the flow of grain of producers.

A special policy must be adopted for a special commodity and a special market. This is an enlightenment with profound contents which has been left to the people by this round of grain price fluctuations.

**East Region****Fujian Sets Economic Growth of 11 Percent for '94**

*HK1602064294 Hong Kong LIEN HO PAO in Chinese  
14 Feb 94 p 9*

[“Special dispatch” from Fuzhou: “Fujian Sets 1994 Economic Growth at 11 Percent”]

[Text] The department in charge of Fujian’s economic management disclosed the other day that Fujian’s overall economic development plan for 1994 has been initially outlined.

The specific targets include:

Gross national product should amount to 91 billion yuan (calculated according to 1990 fixed prices), an increase of 11 percent over the previous year. Of this, primary industry should increase by 22 billion yuan, up 7 percent; secondary industry should grow by 43 billion yuan, up 15 percent; and tertiary industry should rise by 24.5 billion yuan, up 12 percent.

Agricultural output value should amount to 32.5 billion yuan, an increase of 5 percent. Grain output, 9.5 million tonnes, up 800,000 tonnes. Output value of township enterprises should reach 135 billion yuan, up 35 percent.

Industrial output value will reach 148 billion yuan, up 20 percent. Comprehensive energy consumption of industrial enterprises with independent accounting should drop 5.3 percent. The labor productivity of all personnel should increase by 8 percent and the product sales rate should rise by half a percentage point.

Investment in fixed assets should total 33 billion yuan, up 21.3 percent. Of this, investment by state units should reach 22.5 billion yuan, up 21 percent.

The volume of foreign trade should reach \$7 billion, and actual use of foreign capital should be \$3.24 billion, of which direct investment by foreign businessmen was \$3 billion.

Local budgetary revenue should increase by 11 percent.

The volume of retail sales should total 50.4 billion yuan, a rise of 20 percent.

Retail price increases will be kept below 10 percent.

The average income of urban inhabitants for living expenses and peasants per capita net income should reach 2,712 yuan and 1,300 yuan respectively, an average increase of 13 percent.

**Fujian Industry Continues To Grow in Jan**

*HK1602015094 Fuzhou Fujian People’s Radio Network in Mandarin 2300 GMT 14 Feb 94*

[Text] In January, Fujian’s industrial growth and marketing rates continued to increase. According to statistics, in January the province’s industrial output value amounted to 6.8 billion yuan, an increase of 47.8 percent over the same period last year; township and town enterprise output value increased by more than 100 percent; collective industrial enterprise output value increased by 50 percent; all-people industrial enterprise output value increased by 10 percent.

**Fujian Townships Experience Rapid Growth**

*HK1502154294 Beijing RENMIN RIBAO in Chinese  
8 Feb 94 p 2*

[Dispatch from Fuzhou by correspondent Pan Didu (3382 1593 6757): “Fujian Township and Town Enterprises Enjoy Increases in Growth Rate and Efficiency”]

[Text] The total output value of Fujian township and town enterprises in 1993 for the first time has exceeded 100 billion yuan and has made Fujian one of the nation’s 100 billion yuan provinces.

Encouraged by the spirit of Deng Xiaoping’s southern inspection tour addresses, Fujian township and town enterprises further emancipated their minds, unified understanding, and increased reform efforts and the pace of development. In 1993, they achieved a total output value of 101.3 billion yuan; the total value of delivered exports was 19 billion yuan; and total profits and taxes reached 8 billion yuan; up 85 percent, 75 percent, and 45 percent respectively from the year before and indicating simultaneous increases in the growth rate and efficiency.

The characteristics of the rapid growth of Fujian’s township and town enterprises are:

—Increasing inputs and the continued expansion of the development scale. Last year, the province’s township and town enterprises injected 15 billion yuan—more than double the amount in the previous year—and there were 61,800 new firms and 94 business conglomerates which developed some strong industries and widely marketed products.

—The rapid growth of joint stock enterprises. An operating mechanism is adopted in which financing, benefits, accumulation, and risks are all shared. A joint stock cooperation system was vigorously promoted in rural areas, through which a total of 10 billion yuan was raised from across the province. Nineteen thousand enterprises participated in the rural joint stock cooperation system, giving new vitality to township and town enterprises and their rapid development.

—Active nongovernment-run scientific research activity and notable scientific and technological progress.

Township and town enterprises throughout the province last year invested 2.3 billion yuan, launched 2,799 key technological transformation projects, developed 23 new provincial- and prefectural-level products, popularized approximately 400 new scientific and technological products, and established 135 nongovernmental scientific and technological organizations, greatly speeding up the progress of township and town enterprises toward high and new technologies.

—Mushrooming small industrial zones and continued expansion in operating scale. Across the province, there are now 725 small industrial zones with a certain scale. Ten townships and towns saw their output value top 1 billion yuan, while 69 villages and 40 enterprises saw their output value top 100 million yuan.

—Opening up on all fronts and breakthroughs in establishing domestic lateral ties and in introducing foreign investment. Last year, the province approved approximately 1,800 new foreign-invested enterprises commanding \$1.8 billion in foreign capital, approximately 800 million of which—about 40 percent of the new investment by all township and town enterprises in the same year—has been committed. Thirty-one enterprises located outside the province were established, and approximately 1,950 new domestic lateral projects were launched, which brought with them 3.9 billion yuan in domestic funds.

#### Shanghai Sees GNP Rise 14.9 Percent in 1993

HK1602015494 Beijing ZHONGGUO XINWEN SHE  
in English 1345 GMT 15 Feb 94

[Text] Shanghai, February 15 (CNS)—Statistics released by the Shanghai Bureau of Statistics indicate that the gross national product (GNP) realized in 1993 in Shanghai was 150.993 billion renminbi, 14.9 percent up over the year before when calculated on constant prices.

The statistics show that industry, which is considered the most important pillar for the economy of the municipality, proceeded at a quick pace last year by following the market demand. The gross industrial sales value was 323.74 billion renminbi for the whole of last year, a gain of 20.1 percent over the previous year. The sales rate for industrial products reached 98.9 percent. Following structural adjustment, backbone industries including automobiles, communications, equipment for power stations, computers, and household appliances saw rapid development in Shanghai.

Tertiary industry, including transportation, posts and telecommunications, commerce, the catering business, the supply and marketing of materials and financial as well as insurance business tended to go further. The added value in this sector was 57.207 billion renminbi for the whole year, a rise of 13.2 percent over the year before. This added value in tertiary industry made up 37.9 percent of the GNP.

The municipality saw massive construction of infrastructural facilities in the urban area last year when improvements to urban road traffic facilities were given priority. Year-round spending on roads, electricity, gas, supply and drainage of water, and posts and telecommunications services was 16.419 billion renminbi, an increase of 94.7 percent over the previous year. A number of major urban facilities including the Yangpu Bridge were completed last year. The statistics, however, reveal that traffic congestion across the municipality remained serious. The total traffic volume handled by the public transportation system reached 5.6 billion person/times, an average daily volume of 15.34 million person/times.

The rate of growth of population in Shanghai maintained a negative trend while the natural growth registered a gain of negative 0.8 per 1,000, the second year in succession to witness a negative growth in population in the municipality, not yet seen in other provinces, autonomous regions, and municipalities. The statistics also said that the annual wage for a worker in Shanghai was 5,600 renminbi on average in 1993, posting a gain of 9.1 percent when taking into consideration the price rise in living expenses.

#### Central-South Region

##### Guangdong Town Enterprises Register Growth HK1602115494 Beijing RENMIN RIBAO in Chinese 8 Feb 94 p 2

[Report by Zheng Degang (6774 1795 0474) and Zhang Yaoen (1728 1031 1869): "The Total Output Value of Guangdong's Rural Enterprises Exceeds 200 Billion Yuan"]

[Text] The latest statistics show that, after two years of rapid development, last year Guangdong's township and town enterprises saw their total output value and total income increase by 100 percent over the figures from two years earlier. Both indices surpassed 200 billion yuan; of the 220 billion yuan of total income, the net increase was 72.4 billion yuan over the previous year. Last year, Guangdong's township and town enterprises earned a net profit of 16 billion yuan, turned over 6.7 billion yuan in taxes, and earned \$7.5 billion through exports. These three economic indicators rose by more 40 percent compared to those of the previous year.

Enhancing competitiveness by having an appropriate operational scale, developing high and new technologies and opening up new markets, and making efforts to earn foreign currency by utilizing Guangdong's advantage as the native land of overseas Chinese were the three main reasons why Guangdong's township and town enterprises could make break-through developments last year, and they were also a major embodiment of the greatly increased overall economic strength. In the process of developing township and town enterprises, governments at all levels in Guangdong have paid good attention to

maintaining an appropriate scale of operation, have optimized the organization of the finished projects in many respects, and have promoted the rational flow and recombination of personnel, capital, technology, resources, and other means of production so as to obtain returns through an economy of scale. For new projects, they have adopted various means of management such as stepping them up, slowing them down, or stopping them, to ensure the development of key projects, infrastructure, and projects that meet market needs.

During the period of macroscopic regulation and control last year, Zhongshan and Sanshui cities stopped or slowed down the development of 100 projects, thus reducing an investment of approximately 2.2 billion yuan and ensuring the development of some key projects there. In order to improve the market competitiveness of township and town enterprises and continuously open up new markets, they can only rely on technology-intensive quality products. It has been learned that, of the new projects started by townships, towns, and villages throughout the province last year, a fairly large number were high-technology projects. Once these technologically advanced projects have been put into operation, it not only will greatly enhance the economic strength of these places but will bring along the development of related industries.

At present, Guangdong has over 130 township and town enterprises whose output value has reached 100 million yuan each, representing a 1.4-fold increase over last year; Foshan city alone has 80 of these enterprises. These township and town enterprises which have strong capital support, which are technologically advanced, and whose products sell well have become a powerful and important force in Guangdong's economy.

#### Guangdong Retail Sales Value in 1993 Rise

HK1502021894 Beijing ZHONGGUO XINWEN SHE  
in English 1320 GMT 14 Feb 94

[Text] Guangzhou, February 14 (CNS)—Last year saw an abundant supply of goods in Guangdong's markets with the value of retail sales reaching RMB [renminbi] 140.26 billion, an increase of 34.4 percent over the year before and an actual increase of 13.3 percent taking inflation into consideration, making it the second biggest increase since 1988 from the time reform and opening to the outside world started.

Of 34 main goods, 24 of them increased in terms of sales volume. Increasing by more than 30 percent were colour TVs, air-conditioners, tape-recorders, refrigerators, garments, cloth, woolen goods, silk, satin and fresh eggs.

There was also an increase in people's level of consumption with purchases of well-known brand-name goods being markedly greater. People showed a preference for those domestically produced ultra-modern electrical

goods of better quality and imported well-known brand-name goods, despite their being more expensive. An increase in sales was also seen in clothes, shoes, bedding and foodstuff.

#### Review of Guangdong 'Hotline' Program

HK1502100094 Guangzhou Guangdong People's Radio Network in Mandarin 1030 GMT 3 Feb 94

[Editorial Report] On 3 February, Hong Kong Bureau monitored the "Today's Hotline" program, a daily listener call-in show carried on Guangzhou Guangdong People's Radio Network in Mandarin scheduled from 1035 to 1200 GMT. The program ended at 1130 GMT on this particular day because of a special program series, "Talks on the New Taxation System," which was broadcast from 3 to 6 February. Reception ranged from poor to unmonitored.

The following is a summary of the program:

1. "Today's Hotline" commenced when the program presenter, Wen Tao, gave a brief introduction to today's topic: Management-labor relations within foreign-funded, township and town, private, and other nongovernment-run enterprises. Wen Tao cited a report carried in the 18 January issue of LAODONG BAO [LABOR NEWS], on the resignations of more than 200 employees from the Shanghai Hongxiang Department Store, a Shanghai-Hong Kong joint venture inaugurated only four months ago, over a period of 40 days. The collective resignation, Wen Tao said, was due to poor management-labor relations, and staff members complained that the Hong Kong management personnel had arbitrarily searched their lockers, disregarding their personal dignity. In one case, security guards in the department store illegally detained and publicly beat a young saleswoman from Anhui Province whom they suspected to have stolen some goods. She was detained, interrogated for 24 hours, and later fired. At about 600-700 yuan a month, the salaries of the department store staff are not high, the presenter said. He then invited listeners to call in to express their opinions on this social phenomenon.

2. A Mr. Yang called in to point out that employers and employees are equal, therefore management should not search employees' lockers. According to the law, only public security authorities have the right to do so. Illegally searching employees' lockers constituted a violation of the employees' human dignity. He stressed that a corporation can be run well only if employee enthusiasm is aroused.

Wen Tao agreed with what Yang had said and said: Some bosses are good at arousing workers' enthusiasm with moderate measures, but others only attach importance to efficiency. They take ironhanded measures to deal with their workers, and put pressure on them. They fail to respect social ethics, human dignity, and self-respect.

3. A pop song was broadcast during a short break at 1047 GMT.

4. Another listener called in to express his appreciation of overseas Chinese, Hong Kong, Macao, and Taiwan investors. He said: On the one hand, they want to make money in China. On the other hand, they also want to contribute to the mainland's economic development. Under whatever circumstances, employers and employees have common interests although there may be conflicts between them. Laws and regulations have been set up in our country to protect foreign capital, employers, and laborers. They should be strictly enforced. He urged foreign investors to take the initiative in observing China's laws concerning laborers' rights.

5. Newscast at 1100 GMT.

6. Commercial break.

7. At 1110 GMT "Today's Hotline" continued, but with poor reception. A Mr. Chen called in to invite the labor department and trade union's intervention in this sort of case. Despite reform and opening up, trade unions must still play their role. Labor departments and trade unions must send cadres to give workers lectures on laws, decrees, and regulations protecting their rights, so that they understand their rights.

9. Short commercial break.

10. Another listener pointed out that the department store management's search of its employees' lockers was "inappropriate" and "illegal." It seemed that the boss had violated employees' human rights, he said, adding that workers and staff members are protected by laws in our country.

11. Another listener called in to support the employees. He also complained about insufficient and imperfect laws and regulations in China on protecting workers' rights, which was why foreign-funded enterprises could use this loophole. He stressed that workers' rights and interests must be clearly stated in contracts.

12. A call from a Mr. Wu reminded the employees of the function of laws as a means of struggle against the employer.

13. Another listener stressed that the problem could be solved through peaceful consultation between bosses and trade unions. At the same time, he said, he also felt puzzled at the lack of impulse to stage a strike. Workers should be allowed to resort to a strike, he added.

At this point in the program, shortly before 1130 GMT, the presenter cut off the caller and announced that this was the end of the discussion. He also emphasized that views aired by callers were their own personal opinions and did not represent the stance of Guangdong People's Radio Network.

14. The special program series, "Talks on the New Taxation System," began at 1130 GMT after a short news roundup. Tao Fengtan, deputy director of the

provincial taxation bureau, was invited to open the program and give the first talk on the reform of the taxation system.

He said: At present, the reform of the taxation system is a hot topic for discussion. Our former taxation system had been improved since reform and opening up, but it still could not satisfy the demand of economic development in various fields. There was much room for improvement—for instance, there were many defects in the old value-added tax—and it was necessary to reform the old taxation system. A new policy has been formulated for reforming the old system. The nucleus of the taxation reform system is to establish a standardized value-added tax. The new value-added tax is extended to the fields of industrial production, commodity circulation, imports, processing industry, repair and spare parts business, and so on.

Tao added: The new income tax will standardize income tax rates and ensure the fair competition of various quarters under the socialist market economy. It will also ensure that various economic sectors start from the same starting line to participate in fair competition. In addition, we have created a new land value-added tax. The purpose in doing so is to further standardize transactions of the land and real estate market, rationally adjust the incomes from value-added land, and protect the rights and interests of the state.

Tao stressed: The new taxation system will not increase the burdens of enterprises as a whole, or affect prices of goods. However, the taxes levied on certain products or enterprises may possibly change, and I hope our community will understand this.

Tao also explained the reasons for recent price fluctuations and other issues.

#### Hainan Increases Investment in Construction

HK1602015294 Haikou Hainan People's Radio Network in Mandarin 1100 GMT 14 Feb 94

[Text] Our reporter learned from the relevant department that last year the province's total investment in fixed assets amounted to 16.938 billion yuan, an increase of almost 100 percent over the previous year. The increase in investment in houses of commercial value declined compared with the previous year. But its investment in infrastructural construction including energy, transportation, and telecommunications increased by a wide margin over the previous year. Last year the province's total investment in transportation, energy, telecommunications, urban roads, water and power supply, and other basic facilities amounted to 8.959 billion yuan, an increase of more than 100 percent over the previous year.

To speed up basic facilities construction, Hainan has introduced a preferential policy to encourage people in

all social circles to invest in key construction projects, thus expediting energy, traffic, and telecommunications construction.

The completion of a number of infrastructural projects last year greatly improved the province's investment environment. [words indistinct] Newly built expressways totaled 129 km, newly formed port handling capacity totaled 800,000 metric tons, 4,320 long-distance electric transmission lines were installed, 105,000 gates of program control telephone exchange equipment were installed, and the popularization of telephone sets in the province outstripped the country's average. Telephone subscription rate in Haikou was 16.6 percent in the previous year and rose to 27 percent last year, ranking first among provincial capital cities throughout the country.

### Southwest Region

#### Guizhou Governor Visits Grass-Roots Tax Personnel

HK1602115594 Guiyang Guizhou People's Radio Network in Mandarin 2300 GMT 14 Feb 94

[Excerpts] When visiting grass-roots level financial and taxation personnel in Guiyang yesterday, Chen Shineng, provincial party secretary and governor, stressed: All levels of financial and taxation departments should carefully organize the implementation of the new taxation system. Not only should the income index be assessed, but a full set of reform and the establishment of a new mechanism and structure should also be taken into account.

In Guiyang yesterday Chen Shineng and his entourage visited the cadres and staff members of the Weixing Financial Office, the Toutiao Taxation Office, the Jinhua Taxation Office, and the Zhongnan Financial and Taxation Office. He expressed his Lunar New Year greetings to them and all financial and taxation staff members in the province on behalf of the provincial party committee and government.

After listening to a feedback report by the Weixing Financial Office, Chen Shineng said: In the major reform projects to be carried out in the province this year, financial reform will be given top priority, and its success or failure will have a direct bearing on the entire reform. Because there is no ready-made experience to go by, we will carefully proceed with financial reform according to Marxist-Leninist methods and Comrade Deng Xiaoping's thinking on building socialism with Chinese characteristics, keeping in mind Guizhou's specific conditions. We should not merely consider increasing indices in task fulfillment, but we should also formulate practical and coordinated measures and policies and should establish a new financial and taxation mechanism and structure. [passage omitted]

Chen Shineng pointed out: In the course of deepening financial and taxation reform, financial and taxation departments in all localities should consider new situations and new problems. In particular, they should consider and resolve prominent problems during the replacement of the old structure by the new. In the meantime, we should do a good job in promoting the economy at the county level.

In the Toutiao Taxation Office, which has won the designation of a nationally renowned taxation office, Chen Shineng wrote an inscription, which reads: Learn From This Nationally Renowned Taxation Office. In the Jinhua Taxation Office, which has been cited as an advanced collective by the State Taxation Bureau, Governor Chen Shineng explicitly indicated the need for all financial and taxation departments in the province to learn from the Jinhua Taxation Office in increasing revenue and improving their mental attitude and professional quality. Chen Shineng also took a group photograph with some financial and taxation personnel.

#### Tibet Officials Address Regional Planning Meeting

OW1102092294 Lhasa XIZANG RIBAO in Chinese  
24 Jan 94 p 1

[By XIZANG RIBAO reporter Zheng Weifu (6774 4850 1381): "Analyze the Economic Situation and Explore Ways for Development—Regional Planning Meeting Ends, Relevant Leaders Speak at the Meeting, Urging All Concerned To Liberate the Mind, Deepen Reform, and Open Wider to the Outside World To Expedite Tibet's Economic Progress"]

[Text] A four-day regional planning meeting ended on 23 January. Yang Song [2799 2646], vice chairman of the Tibet Autonomous Regional People's Government, attended and spoke at the meeting. Characteristics of this year's regional planning meeting are that the meeting touched on both the intangibles and tangibles. It was different from previous meetings both in form and content. When holding the meeting, we changed our normal practice that stressed investment allocation, project formulation, and continued fulfillment of incomplete targets. Instead, we concentrated our energies to analyze Tibet's current economic situation and to predict changes in various factors that will affect Tibet's future economic progress. We also studied ways and means to resolve problems in accordance with the tasks and objectives laid down by the regional economic work meeting.

Attending the meeting were more than 170 people, including commissioners and mayors from various prefectures and cities; chairmen of planning and economic commissions; directors of commodity price and labor bureaus; and responsible comrades of Tibet's various commissions, offices, departments, and bureaus.

Wu Shunxiang [0702 7311 4382] and Ciren Doje [2945 0088 1122 0679], vice chairmen of the regional planning and economic commission, respectively relayed the

guidelines of the national planning meeting and the national economic and trade meeting. Sun Qiwen [1327 1477 2429], chairman of the planning and economic commission, delivered a report entitled "Further Liberate the Mind, Deepen Reform, and Open Wider to the Outside World So As To Strive To Facilitate Sustained, Rapid, and Healthy National Economic Development." He made arrangements to implement the tasks laid down by the regional economic work meeting. Meanwhile, he also proposed to further transform the functions of planned administration so that planning tasks can more effectively fulfill the requirements resulting from changes in the new situation in an effort to enhance the establishment of a new market economy. Additionally, attending comrades discussed concepts and issues concerning Tibet's long-term development programs by the year 2010. At the end of the meeting, Xiang Yang [0686 2799], secretary of the regional planning and economic commission party committee, gave a speech entitled "Liberate the Mind and Change Concepts So As To Make Fresh Contributions to Tibet's Reform and Progress."

The meeting pointed out: In accordance with the basic requirements for establishing a socialist market economy, the party Central Committee, the State Council, and Tibet have formulated a series of important general and specific policies and reform measures, and we are shouldering the important historic mission of implementing them. While carrying out reform and opening up, how to link up with other localities of China and gear Tibet's economy toward the market are important issues facing us as Tibet's economy is very backward. The regional economic work meeting proposed that we should make new progress and breakthroughs in enhancing Tibet's economic development, in raising the per capita income of peasants and herdsmen, and in building more markets. We should also make major progress in village and town enterprises. All these tasks are arduous.

We are facing the formidable reality that the work is new with tough requirements and that the mission is demanding and difficult. Xiang Yang, secretary of the regional planning and economic commission party committee, proposed that our most important task is to study. First, we should study Comrade Deng Xiaoping's theory on building socialism with Chinese characteristics. We should also study the guidelines of the 14th CPC National Congress and the Third Plenary Session of the 14th CPC Central Committee. Moreover, we should integrate our thinking and understanding with the guidelines of the 14th CPC National Congress, the Third Plenary Session of the 14th CPC Central Committee, and the Fifth (Enlarged) Plenary Session of the Fourth Tibet Autonomous Regional Party Committee. Additionally, we should adhere to the party's basic line, strictly concentrate our efforts on the central task of economic construction, strive to develop the socialist market economy, and further pursue Tibet's policy of reform and opening up. Second, we should further study

and properly implement various general and specific policies that have been newly formulated by the state and Tibet so that these policies can effectively enhance Tibet's reform and progress. Third, we should intensify our study of professional knowledge, which offers many topics. We should study matters that we do not understand. If we are in the dark, we should not guide others; otherwise, we cannot handle our work competently. To further cultivate the contingent of cadres and raise their professional skills, the Regional Cadre Training Center plans to hold different study and research classes on various vocations in 1994, and to engage some experts and comrades with practical experiences from Tibet and other localities to lecture in the classes so that our professional skills can be considerably raised. These efforts aim to fulfill the requirements for carrying out reform and opening up and for establishing a new economic system in Tibet.

### North Region

**Beijing Secretary Attends Forum on Mao's Birth**  
SK2801092294 Beijing BEIJING RIBAO in Chinese  
26 Dec 93 pp 1, 4

[Text] of speech by Chen Xitao, secretary of the Beijing Municipal CPC Committee, at the 25 December municipal forum to mark the centenary of the birth of Mao Zedong: "Study Mao Zedong Thought, and Persist in Dialectical Materialism"]

[Text] Comrades!

December 26 of this year marks the centenary of the birth of Comrade Mao Zedong, the great leader of the people of various nationalities throughout the country and the founder of the CPC, the Chinese People's Liberation Army, and the PRC.

During the days when the entire party and the people throughout the country ceremoniously commemorate the centenary of the birth of Mao Zedong with great respect, the vast number of party members, cadres, and the masses of Beijing Municipality, like the people in other areas of the country, cherish the deep memory and particularly warm feeling toward Comrade Mao Zedong. As early as the 4 May Movement, Comrade Mao Zedong came to Beijing twice to explore the truth of revolution and the road to the liberation of the Chinese nation and, enlightened by Marxism-Leninism, became a firm communist. On the eve of the national victory in the Chinese revolution, Mao Zedong and his comrades-in-arms devised strategies in Beijing and commanded the great army of a million people to cross Chang Jiang, occupy Nanjing, and put an end to the reactionary rule of the Kuomintang. On 1 October 1949, Comrade Mao Zedong personally raised the first five-star red flag of the new China on the rostrum of Tiananmen and solemnly declared to the world that Chinese people were standing. After the founding of the country, Comrade Mao Zedong lived and worked in Beijing all the time. In the process of

leading China's socialist revolution and construction, he was always concerned with the people and the various works of the capital. He left footmarks in many places and gave instructions to many people. This is what the people of Beijing Municipality will not forget. The purpose for the Beijing municipal party committee, people's congress standing committee, government, and committee of the Chinese People's Political Consultative Conference and the Beijing Garrison in holding this forum marking the centenary of the birth of Comrade Mao Zedong today is to review Comrade Mao Zedong's great achievements, further study Mao Zedong Thought, always hold high the great banner of Mao Zedong Thought, and advance bravely; and to pursue the road to socialism with Chinese characteristics that was pioneered by Comrade Deng Xiaoping, persist in reform, open wider to the outside world, and express our deep memory of Comrade Mao Zedong with outstanding results in various work.

## I.

Comrade Mao Zedong was a great Marxist and a great proletarian revolutionary, strategist, and theorist. His greatest historical achievement was to integrate the fundamental tenets of Marxism-Leninism with the specific practice of Chinese revolution, lead our party and people to find a correct road for new democratic revolution, fulfill the task of opposing imperialism and feudalism, and put an end to the Chinese history of semi-colonial and semi-feudal society; and to eliminate the exploiting class and the system of exploitation and establish a brand-new socialist system. Proceeding from China's reality, he then began to explore the road of building socialism. Based on the fundamental tenets of Marxism-Leninism and with Comrade Mao Zedong as the major representative, the Chinese communists came up with a theoretical summary of the series of original experiences in China's long practice of revolution and construction to form a scientific guiding thought compatible with China's conditions which we refer to as Mao Zedong Thought.

Mao Zedong Thought is extensive and profound. It has enriched and developed Marxism-Leninism with its original theory in the fields of philosophy, political economy, scientific socialism, military science, culture and art, and party building. It is the treasure-house of the theory of our party and the spiritual pillar of the Chinese nation and is the constant guide to our building of a modern socialist country.

In the practice of leading the revolution and construction of China, Comrade Mao Zedong attached high importance to the great role of ideological theory. He demanded that we arm the whole party with Marxism-Leninism, regard the adherence to Marxist dialectical materialism as a conspicuous part of the party's building of ideological theory, and wage an unremitting struggle against idealism and metaphysics that deviate from dialectical materialism.

Comrade Mao Zedong made many profound and brilliant expositions on the extremely great significance in studying and grasping Marxism-Leninism. He highly praised the following remarks of Lenin: "Without the theory of revolution, there would be no revolution movement." Comrade Mao Zedong maintained: Without the theory of revolution, it is impossible to achieve success in guiding a great political party of revolutionary movement. He pointed out: The salvos of the October Revolution brought us Marxism-Leninism. The October Revolution helped advanced elements of the whole world and of China to use the proletarian world outlook, that was regarded as the instrument to observe the destiny of our country, to reconsider the issues of their own." Chinese Communists, represented by Comrade Mao Zedong, found the proletarian world outlook, a sharp weapon we used to observe the issues of China, initiated the Chinese-oriented Marxism-Leninism—Mao Zedong Thought, and guided the whole party and all the people in the country to win a victory in the new democratic revolution. Right after the founding of the PRC, he again explicitly pointed out: "The theoretical foundation that guides our ideology is Marxism-Leninism." The Chinese Communists were able to make difficult and tortuous explorations in the revolution and construction of China and in the march from victory to victory precisely because they were armed with Marxism-Leninism-Mao Zedong Thought.

In studying Marxism-Leninism, what should be studied first? Comrade Mao Zedong maintained: What is most important is to grasp—dialectical materialism and historical materialism, the essential components of Marxist philosophy. He repeatedly admonished the whole party: "Marxism-Leninism is science" and truth. The founding of Marxism-Leninism is an unprecedented big revolution in the history of mankind's understanding. Marxists and Communists "have applied materialist dialectics to many fields of the analysis of mankind history and the analysis of natural history and to many fields of the change in society and the change in nature, thus obtaining extremely great success." Comrade Mao Zedong called on the whole party to conscientiously grasp the proletarian world outlook and methodology of dialectical materialism and historical materialism, in approaching, analyzing, and solving the practical problems of China by studying the fundamental theory of Marxism-Leninism. Comrade Mao Zedong himself set a glorious example for us with his immortal philosophic works, such as "On Practice," "On Contradiction," and "Whence the People's Correct Ideas?", will radiate with the light of truth forever.

Comrade Mao Zedong constantly stressed that the key to studying Marxism and Leninism is to be well acquainted with their stands, viewpoints and methods, and oppose subjectivism, dogmatism, idealism and metaphysics. In the study of Marxism and Leninism, if we fail to exert efforts to grasp their stands, viewpoints and methods, and understand only some phrases, we will surely fall into idealism and metaphysics; if we use them to guide

our work, we will surely commit subjective and dogmatic mistakes. Comrade Mao Zedong firmly defended the Marxist dialectical materialism. He pointed out explicitly and profoundly that Marxism is a "theory which can be used as a criterion all over the world," that we should not treat it as a dogma but a guide to action, and that we should not "only study some phrases and sentences of Marxism and Leninism but study it as a science of revolution." Mao Zedong believed that subjectivism, dogmatism, and empiricism was all ideology and metaphysics, and that they all have the "characteristics of dividing subjectivism and objectivism and disconnecting recognition and practice." The ideology of bourgeois liberalization that negates the four cardinal principles emerged in the course of reform and opening up, while "leftist" ideology that negates reform and opening up has not conformed to reality and the national conditions of our country. As far as the source of the theory of knowledge is concerned, it also separates subjectivism from objectivism and disconnects theory from practice. Therefore, only by grasping the stands, viewpoints and methods of Marxism and Leninism well can we be able to uphold a correct viewpoint, correctly sum up experience, overcome difficulties, make less mistakes and do more work.

Why should we study and grasp Marxism and Leninism? It is because we want to apply them to solving practical problems. Comrade Mao Zedong stressed: "We should purposefully study Marxist and Leninist theories," "have a definite object in view," and "use the arrow of Marxism and Leninism to shoot the target of the revolution of China." He particularly criticized the aimless attitude of studying the stands, viewpoints and methods of Marxism and Leninism not for the purpose of solving the theoretical and strategic issues of the revolution of China but "to simply study theories," and strictly criticized the bad study work style of merely taking the "arrow" of Marxism and Leninism "in the hand, praising it repeatedly, saying that it is a 'good arrow,' but not wanting to shoot it out." He pointed out sharply that if we fail to clarify and solve this issue well, "our party's theoretical level will never be raised and China will never win a victory in its revolution."

Comrade Mao Zedong always upheld the viewpoint of attaching prime importance to the practice of dialectical materialist theory, constantly undertaken investigations and studies, and stressed that while correct ideology and understanding can only come from practice, they must be tested by practice. He believed that the "correct ideology of man can only come from social practice," and that "a correct understanding can be formed through repetition, such as turning material understanding to spiritual understanding and spiritual understanding to material understanding; in other words, practice into understanding, and understanding into practice." We should test and develop truth in the course of practice. He held that our party's correct and unshakable tactics could never be formulated by a small number of people who stayed at home to "cudgel their brains to 'think of

ways' and 'make decisions'" "based on their subjective desires," and that we should "learn about social conditions and conduct realistic investigations often." Therefore, Comrade Mao Zedong advocated within the party the need to vigorously conduct investigation and study. "No investigation, no right to speak," "No correct investigation, no right to speak, either" were his famous maxims. It was our efforts to uphold and carry forward the party's fine tradition of investigation and study and to adhere to Comrade Mao Zedong's line of dialectical materialist theory of knowledge—"practice-knowledge-again practice-again knowledge—that enabled our understanding to be improved to a new height following developments in practice and enabled the cause of our party and people to advance in the practice of continuous exploration.

Comrade Mao Zedong advocated the need to extensively launch an education movement to study Marxism-Leninism in the entire party and among the people throughout the country. He maintained that everyone should study some philosophy. Soon after the war of resistance against Japan, he called on the entire party to launch an emulation in studying Marxism-Leninism to "see who has truly learned something, learned more, and learned better." In 1942, he personally led the Yanan rectification movement and launched an extensive Marxism-Leninism education movement for studying dialectical materialism, historical materialism, and Comrade Mao Zedong's basic works on the rectification movement, such as "Transform Our Study," "Rectify the Party's Work Styles," and "Oppose Stereotyped Party Writing," thus liberating the vast number of party members from the mental shackles of dogmatism, empiricism, and, especially, Wang Ming dogmatism and then enabling the entire party to achieve unprecedented unity and further maturity and ensuring the victory of the war of resistance against Japan and success in the new democratic revolution in the country. After the founding of new China, he again issued calls on many occasions for extensively studying Marxism-Leninism and organizing "a powerful theoretical contingent in which millions of people study the theoretical foundation of Marxism, namely dialectical and historical materialism, and oppose various types of idealism and mechanical materialism." He called for "liberating philosophy from the classrooms and books of philosophers and turning it into a sharp weapon of the masses." This weapon, once mastered by the masses, will become a tremendous material force to transform society and the world. Thanks to Comrade Mao Zedong's advocacy and promotion, an atmosphere of attaching importance to theories and studying theories took shape in the party, which still benefits us a great deal.

2.

The second-generation leadership collective of the party Central Committee with Comrade Deng Xiaoping as the core scientifically accomplished the important task of correctly appraising Comrade Mao Zedong and safeguarding the historical position of Mao Zedong Thought,

a task concerning the future and destiny of the party and the state, and pooled the wisdom of the entire party and the people of the whole country with the tremendous political courage to blaze a new road of building socialism and the tremendous courage to pioneer a new realm of Marxist theory. It established, in a creative manner, the theory of building socialism with Chinese characteristics. This represented another, even greater historical leap after our party successfully found a road for new democratic revolution and established the socialist system. It unfolded before the entire party and the people of the whole country a magnificent prospect for a prosperous, democratic, civilized socialist modern country.

Comrade Deng Xiaoping inherited and developed Mao Zedong Thought, regarded adherence to and defence of Marxist-Leninist philosophy—dialectical materialism and historical materialism—as the most important and fundamental link, and used this philosophy to guide practice in China. He particularly paid attention to using the dialectical materialist theory of knowledge to guide the practice of building socialism with Chinese characteristics.

Following the "Cultural Revolution," Comrade Deng Xiaoping upheld the Marxist materialism and brought order out of chaos in the field of knowledge with a great Marxist's boldness of vision. After the smashing of the "gang of four," he took the lead in resisting and criticizing the erroneous principle of "two whatever," and supported, guided, and promoted the nationwide discussion of regarding practice as the sole criterion for testing truth, thus breaking with the trammels of "leftist" ideas. He always maintained that "true Marxists and Leninists must understand, inherit, and develop Marxism-Leninism in accordance with the present situation." "Marxists refusing to use new ideas and viewpoints to inherit and develop Marxism are not true Marxists." In light of the confusion and misgivings among some comrades within the party, he repeatedly stressed the necessity of "completely and accurately understanding Mao Zedong Thought," and the necessity of "being good at studying, mastering, and applying the system of Mao Zedong Thought to guide all the work. This is the only way to prevent us from cutting apart and distorting Mao Zedong Thought and from damaging Mao Zedong Thought." This enabled the whole party to again go back to the correct Marxist line of knowledge and laid ideological and theoretical foundations for the convocation of the third plenary session of the 11th CPC Central Committee, which is of great historical significance.

Another major contribution made by Comrade Deng Xiaoping to the party's ideological and theoretical building is the establishment of the ideological line of emancipating the mind and seeking truth from facts using Marxist dialectical materialism as the weapon. Comrade Deng Xiaoping proceeded from China's reality to form the theory of the initial stage of China's socialism to formulate the party's basic line of "one central task and two basic points," and to seek the road

of developing the socialism with Chinese characteristics, precisely under the guidance of the Marxist line of knowledge, thus making China's socialist cause embark on a new period of vigorous development. Also, precisely under the guidance of the Marxist line of knowledge known as emancipating the mind and seeking truth from facts, Comrade Deng Xiaoping thoroughly overhauled the long-standing conclusion of plans being the essential characteristic of socialism and pointed out "that having more plans or more markets is not the essential difference between socialism and capitalism. While a planned economy is not tantamount to socialism and capitalism has plans; a market economy is not tantamount to capitalism, and socialism also has markets. Both of plans and markets are economic means." "Whatever is conducive to the development of productive forces can be utilized." The third plenary session of the 14th CPC Central Committee adopted the "CPC Central Committee's decision on some issues of establishing a socialist market economic structure," in line with Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics and the guidelines of the 14th CPC Congress. This is an extremely important contribution made by Comrade Deng Xiaoping to the treasure-house of the Marxist theory.

Comrade Deng Xiaoping has specifically and flexibly applied the development view of dialectical materialism of Marxism-Leninism-Mao Zedong Thought to the reality of building socialist modernizations. His noted inference is that "only development represents an essential criterion". All things in the world are in the course of ceaseless movement, development, and changes. They never remain in a period or at a level forever, so does socialism as long as it has become a brand-new social system. In dealing with this issue in the past, we lacked the viewpoint of Marxist theory of dialectical materialism; somewhat had one-sidedness in understanding the socialist essence; did not stress "the emancipation of productive forces through reforms"; and did not totally master the meaning between "emancipating productive forces and developing them". All of these have enabled us to experience a tortuous path and to pay for them. By studying Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics and particularly studying his viewpoint and thought relating to development, we have suddenly seen the light and upgraded our understanding on socialism to a new realm. Comrade Deng Xiaoping pointed out: "Poverty does not mean socialism and extremely slow development does not also." By being divorced from development, we cannot firmly grasp the upholding of socialist systems, direction, and road. "The most fundamental task in this regard is to develop productive forces. In the final analysis, the socialist superiority should give expression to productive force development being faster or higher than that of capitalism and to steadily improving the people's livelihood based on developing the productive force". Then, "efforts should be made to prepare a foundation for entering the age of Communism". "By not doing so will we never be able to develop productive forces, to do

away with the egalitarianism and the practice of eating from the same big pot, to improve the people's livelihood, and to bring the people's enthusiasm into play". Thus, the socialist undertakings of modernizations will come to nothing. Comrade Deng Xiaoping also pointed out: "We should not block localities that are able to achieve development and localities whose conditions meet should engage in development as faster as possible. It is nothing for us to worry about as long as these localities stress economic results and quality and develop the export-oriented economy". Based on this development ideology, Comrade Deng Xiaoping has formulated for the entire party a set of strategies, principles, and policies for accelerating the socialist development. The entire party and the people throughout the country should arm themselves with Comrade Deng Xiaoping's thought on development being an essential criterion and extremely play their enthusiasm and creativeness so as to promote the construction of socialism with Chinese characteristics to forge ahead and bring about changes day after day.

Comrade Deng Xiaoping has applied the Marxist philosophical viewpoint of practice being the first to the practice of building socialism with Chinese characteristics and urged the entire party to dare to try, to pioneer, and to take risk in building socialism. Upholding practice being the first, respecting the objective law, bringing the subjective initiative into full play, and "daring to try and pioneer," truly represent the upholding of Marxist theory of dialectical materialism. Marx once said: "Philosophers only adopt different styles to explain the world, however, the issue in this regard lies in changing the world". Those who have just sat there to talk about theories, indulged in empty talks, and not dared to do this or that, do not know Marxism even slightly. Comrade Mao Zedong once pointed out: In fighting the revolutionary wars, "we have not learned them well in advance but we begin to study them after we have engaged in. Thus, fighting means learning." Comrade Deng Xiaoping also repeatedly emphasized that socialism is achieved through hard work. He said: Socialism with Chinese characteristics that we are developing has been "unheard of in China's several thousand years of history" and "an undertaking never developed in other socialist countries. Therefore, there is no ready experience to learn from. We can only learn in the process of work and explore in the process of practice." He urged us to "boldly experiment and blaze new trails regarding the endeavors whose worth we are certain" and never act slowly and overcautiously like women with bound feet. Otherwise, we "will be unable to blaze a good road or a new road and unable to pioneer a new cause." He repeatedly reminded people: "It is necessary to overcome fear and have courage. There must be someone to conduct the first experiment in any field. Only then can a new road be opened. We should be prepared for failure when conducting the first experiment. Failure is nothing serious." What is important is that we should have the ability to summarize experiences and "persist in what is right and rapidly correct what is

wrong." This philosophical idea of Comrade Deng Xiaoping's has greatly encouraged and inspired our spirit and has extremely important guiding significance in accelerating China's reform, opening up, and modernization drive.

Comrade Deng Xiaoping emphasized that in studying Marxist theory, we should achieve proficiency, find use for, become familiar with, and master the fundamental tenets. The classical works of Marxism-Leninism-Mao Zedong Thought are as vast as the open sea. In studying them, we should adhere to the principle of studying less more proficiently, and make them useful. Comrade Deng Xiaoping earnestly said to new and old cadres on many occasions: "Time and tasks are different for our current endeavor to build socialism with Chinese characteristics, and there is indeed plenty of new knowledge to study. This requires that we master the basic theory of Marxism to comply with the new reality because only then can we improve our skills to use basic principles and basic methods to actively explore ways to resolve basic political, economic, social, and cultural issues." We should "familiarize ourselves with the basic theory of Marxism to acquire a stronger sense of adherence to principles in work, a systematic approach, foresight, and creativity." He particularly pointed out: "The several hundred members of the party Central Committee and the several thousand central and local high-ranking cadres should take the lead in assiduously studying modernized economic construction." Standing at the crest of the tide of this era, Comrade Deng Xiaoping is not only a brilliant example for the entire party in emancipating the mind and conducting exploration bravely but also a brilliant example in the creative application of the fundamental tenets of Marxism-Leninism.

Thanks to his mastery of the historical law governing social development with Marxist historical materialism, Comrade Deng Xiaoping is confident in the success of Marxism and communism. In view of the abrupt changes in East Europe, the disintegration of the Soviet Union, the serious setbacks and low tide of socialism in some countries, and some people's doubts and wavering about Marxism, Comrade Deng Xiaoping showed great foresight to point out: "I firmly believe that people who approve of Marxism will increase in the world because Marxism is a science, which uses historical materialism to bring to light the law governing the development of human society." This fully shows Comrade Deng Xiaoping's adherence to truth, loyalty to Marxism-Leninism-Mao Zedong Thought, and firm faith in working hard all his life for the communist cause.

Comrades! When we commemorate the centenary of the birth of Comrade Mao Zedong, the most fundamental task is to uphold the theoretical foundation of the Marxist dialectical materialism, arm the whole party with Marxism-Leninism-Mao Zedong Thought and with Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics, actually strengthen the building of the party's ideology and theory, and guide

and promote the sustained, rapid, and sound development of the capital's reform, opening up, and economic construction.

First, we should profoundly study Volume 3 of the *Selected Works of Deng Xiaoping* in close combination with realities. Volume 3 of the *Selected Works of Deng Xiaoping* has collected Comrade Deng Xiaoping's most important and most creative works written in the process of forming and developing the theory of building the socialism with Chinese characteristics, thus being a scientific guide to our continuous advance. The central authorities have already adopted the decision of studying Volume 3 of the *Selected Works of Deng Xiaoping*. We should carry forward the style of study of integrating theory with practice, that was initiated by Comrade Mao Zedong. In studying this book, we should have a good command of focal points, study and read original works in depth, and profoundly comprehend the essence of guidelines. In close combination with the realities of work and ideology, we should conscientiously summarize the experiences gained from the practice of reform, opening up, and economic construction over the past dozen of years, further clarify all sorts of confused understandings of the theory of building socialism with Chinese characteristics, and strive to master the theory of building the socialism with Chinese characteristics in an all-round and specific manner rather than in a fragmentary and empty manner in order to continuously push forward the cause of reform, opening up, and economic construction.

Second, we should persistently implement the knowledge line of emancipating the mind and seeking truth from facts, continuously renew our concepts, continuously break with the trammels of idealism and metaphysics, and strive to avoid subjective one-sidedness. Comrade Jiang Zemin pointed out: "Emancipating the mind and seeking truth from facts are the quintessence of the theory of building socialism with Chinese characteristics and are the magic weapon to ensure that our party will be vigorous and vivid forever." By emancipating the mind, we mean extricating the people's ideas from the yoke of idealism and metaphysics; making ideas conform to practice and subjective things conform to objective ones; and persisting in dialectical materialism and seeking truth from facts. Emancipating the mind precisely means seeking truth from facts. On no account should we separate the emancipation of the mind from the seeking of truth, still less set any of them against the other. In recent years, we have launched mass discussions on emancipating the mind on four occasions in succession throughout the municipality, and every mass discussion has brought us a new leap in ideology and understanding and brought big enhancement to all items of work. It should be noted that the objective world undergoes constant change, and the ideas and concepts that reflect the objective world are also undergoing constant change. There is no end to the emancipation of the mind as a process of continuously deepening the understanding of the objective world. If we do not understand this point

and pay no attention it, our ideas will become stagnant, rigid, and fall into subjective one-sidedness. At present, we should emancipate our minds to focus on the endeavors to accelerate the establishment of the socialist market economy system, to extend the degree of reform in establishing the modern enterprise system, to seize the opportunity to accelerate development and promote the economy of the capital to a new height every few years, and on the long-standing difficulties and hot issues that have prevented various departments and units from advance and the fear of difficulty resulting from this. Rapid construction of the capital and comprehensive progress in all sectors of society can be achieved only when we continuously emancipate our minds, eliminate ideological obstacles, free ourselves from the fetters of subjectivism and metaphysics, seek truth from facts, and proceed from reality in doing everything.

Third, we should continue to vigorously develop the trend of investigation and study to put our policy decisions on a more scientific and reliable base. "No investigation, no right to speak." As far as the leaders of a locality or a department are concerned, no right to speak means no right to make decisions. Leading organs and leading persons who cannot make decisions, in reality, have no right to leadership although they assume leading posts. The investigation and study activities extensively conducted throughout the municipality since the beginning of this year have not only helped cadres enhance their understanding of the theory of building socialism with Chinese characteristics but also built a bridge to integrate theory with practice. Through investigations and study, many leading cadres have achieved a good command of knowledge, namely emancipating the mind and seeking truth from facts, and learned to use the Marxist stand, viewpoints, and methods to analyze and summarize the new problems and new experiences in reform, opening up, and economic construction. Many new ideas, new measures, large-scale moves, and creations compatible with their respective localities and departments have been put forward, and the work of their units have also taken on a new look. The vigorous trend of investigation and study has had a good beginning in the municipality. The municipal party committee has conducted investigation and study four times this year. Next year, it should set forth topics for investigation and study, include it in its plans, assign persons to be responsible for it, and conduct it four times. The good tradition of investigation and study must persist on a long-term basis.

Fourth, we should make continuous efforts to resolve the issues on world outlook and the outlook on life and truly join the party ideologically. Comrade Mao Zedong pointed out: "A change in world outlook is a fundamental change." Only when we master the scientific, dialectical materialist, and historical materialist world outlook, can we embrace a firm communist outlook on life, truly join the party ideologically, never be subdued by force or shaken by poverty, be impervious to the temptation of wealth and high position, and never shake

our communist faith under any circumstances. Many revolutionary martyrs did not yield or bend their will even when faced with the knife of the enemy. Today, as long as we embrace a firm communist world outlook and outlook on life, the plot of western hostile forces to effect our peaceful evolution will never succeed. Mao Zedong, Zhou Enlai, Deng Xiaoping, and other old proletarian revolutionaries firmly embraced the communist world outlook, the communist faith, noble moral character, and the spirit of wholeheartedly serving the people, thus becoming models for our times. Comrade Mao Zedong always stressed: "At any time and any place, communists should not put their personal interests at the fore, but should subordinate their personal interests beneath the interests of the Chinese nation and the people." He sharply criticized: "Selfishness, slackness in work, corruption and embezzlement, and the practice of being fond of the limelight are most contemptible." Those who indulge in such practices "do not understand at all what the proletarian idea is, what communism is, and what the party is." Under the new situation of developing the socialist market economy, we should guide the vast numbers of party members, leading cadres of the party in particular, to firmly embrace the communist world outlook and the communist outlook on life, to consciously resist and overcome the inroads of corrosive capitalist and feudal ideas, to consciously resist the influence from money worship, extreme individualism, and corrosive style of life, to honestly perform official duties, and to work diligently for the people so that they can truly become "noble persons," "pure persons," "persons absolved of bad taste," "persons conducive to the masses," and "persons with lofty ideals, moral integrity, cultural accomplishments, and a sense of discipline, so that they can struggle for the communist cause all their lives. If we pay no attention to remolding the outlook on the world and on life, we will eventually be eliminated by the times, and will certainly witness the situation pointed out by Comrade Mao Zedong in which some persons always think: "What on earth are proletarian ideas, and isn't it the same old stuff? How can they know that it is not easy to obtain it." These persons will "have lack communist flavor all their lives, and thus they cannot but deviate from the party."

Fifth, we must closely combine the building of ideology and theory with the implementation of the party's political line. The party's basic line of "one central task and two basic points" was formulated under the guidance of the ideological line of emancipating the mind and seeking truth from facts and by proceeding from the basic conditions of our country. Therefore, this line has manifested the fundamental interests of the people throughout the country, is in keeping with the realities, and is scientific, correct, and unchanging for a long time. Only by understanding the scientific nature and correctness of this line in ideology and theory, can we even more consciously persist in the party's basic line without deviation for a hundred of years in line with the demands set by Comrade Deng Xiaoping. We should educate the vast numbers of party members, cadres, and

the masses to always pay attention to the central task of economic construction, to always set to right the relationship between reform and opening up and the adherence to the four cardinal principles, and to always persist in the principle of "taking a two-handed approach and being tough with both hands." At the same time, we must continuously get rid of the interference from the erroneous "left" and right ideas. We should guard against the right, but should primarily prevent the "left." Only by unwaveringly upholding the party's basic line, can we ensure that our country will maintain long-term stability and order, can we put our socialist cause in an invincible position, and can we again win the glory of the Chinese nation.

Sixth, in studying Marxist theories we should particularly apply the Marxist "theory" at present to aim at overfulfilling the municipal "target" of becoming better-off in three years. In line with the current world situation and our country's reality, Comrade Deng Xiaoping has formulated the grand blueprint for the entire party and the people throughout the country regarding the realization of socialist modernization in three steps. As a matter of fact, people should eat their meal one mouthful after the other and cultivate their fields one by one. According to this saying, the current task of Beijing Municipality is to overfulfill the target of becoming better-off based on the results of having had the people dress warmly and eat their fill. We should accelerate the pace in reform, opening up, and economic development in line with the guiding principle of it being favorable for developing socialist social productive forces, for enhancing the comprehensive strength of socialist countries, and for upgrading the people's livelihood. Localities where conditions allow faster development should strive to achieve development as quickly as possible to contribute to the national undertakings of socialist modernization and to realizing the strategic target in three steps.

Comrades: The Marxist theories of dialectical and historical materialism constitute a system of revolutionary ideological theories, which is most perfect, systematic, and scientific. The more than 100-year history has eloquently proven that the powerful ideologically theoretical weapon of dialectical materialism is invincible. The law of human historical development, which has been exposed by the dialectical materialism, tells us that socialism will replace capitalism as capitalism did in the feudal society. Such historical progress cannot be changed by anybody. China is determined to become prosperous and the victory scored by socialism with Chinese characteristics in China cannot be blocked by any force. We should rally round the CPC Central Committee with Comrade Jiang Zemin at the core; uphold the dialectical materialism; earnestly study Marxism-Leninism-Mao Zedong Thought; study contemporary Marxism in China, Deng Xiaoping's theory of building socialism with Chinese characteristics; and boldly march forward in line with our fixed fighting targets. We must realize the teaching by Comrade Mao

Zedong during his life time, which reads that "China should make greater contributions to mankind." We must make efforts to build China, whose population accounts for one fifth of the total of the world, into a rich, strong, democratic, civilized, and socialist country. A success, itself, made by us in this regard represents an important contribution to mankind and will become the best commemoration offered by us to Comrade Mao Zedong.

### Beijing Secretary Attends to 1994 Work Plans

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[By Yan Liqiang (0917 0500 1730) and Sun Yushan (1327 3768 1472): "The Beijing Municipal Party Committee and Government Cosponsor Report Meeting To Sum Up 1993 Work and Arrange 1994 Work"]

[Text] From 8 to 10 January, the municipal party committee and the municipal government cosponsored a report meeting to sum up the work done in 1993 by departments, commissions, and offices and to make 1994 work arrangements. Chen Xitong, secretary of the municipal party committee, pointed out in his speech: The principles for guiding this year's work are to emancipate the mind, firmly grasp favorable opportunities, make breakthroughs in key areas, and make bigger strides for reform and construction so as to realize the target of becoming fairly well-off ahead of schedule.

Li Qiyan, mayor of the municipal government, chaired the report meeting. Making reports at the meeting were responsible persons of the municipal planning commission, the municipal scientific and technological commission, the municipal commercial commission, the municipal commission for foreign economic relations and trade, the municipal economic restructuring commission, the organizational department and the propaganda department under the municipal party committee, and the municipal agricultural office.

Last year, the municipality created a new situation in reform and opening up, comprehensively increased economic targets, and comprehensively fulfilled or surpassed the 38 planned targets of nine major categories that were approved at the first session of the 10th municipal people's congress. In 1993, the GNP reached 85.2 billion yuan, an increase of 12 percent when calculated in terms of comparable prices. The grain output reached 2.84 billion yuan and the per unit yield of grain reached 690 kilograms, setting a record. The total industrial output value reached 125.6 billion yuan, an increase of 18.5 percent. The profits and taxes realized by the enterprises at or above the township level reached 15.42 billion yuan, an increase of 15 percent. The total volume of retail sales of commodities reached 54.92 billion yuan, an increase of 27.8 percent. Local investment in fixed assets reached 27.1 billion yuan, an increase of 49.4 percent. A total of 11 million square meters of houses

were built, including 5.5 million square meters of residential houses. A total of 3,752 new foreign-funded enterprises of three types were approved and \$6.28 billion worth of foreign capital were used according to agreements, respectively increasing by 70 percent and 3.3 times. The volume of export through foreign trade totaled \$1.698 billion, an increase of 10.6 percent. A total of 2.03 million overseas tourists were received, an increase of 16.1 percent. Foreign exchange earnings reached \$1.24 billion, an increase of 15.9 percent. The local revenues reached 8.41 billion yuan, an increase of 4.8 percent.

Viewing the general situation, we know that last year, the national economy of the municipality developed in a sound and orderly way, the biggest improvement was made in the appearance of urban areas, new breakthroughs were made in deepening reform, key strides were made in building markets, the biggest breakthroughs were made in using foreign capital, and people's livelihood was noticeably improved.

Li Qiyan said in his summing-up speech: This report meeting has been successful. All departments, commissions, and offices have made full preparations, conscientiously studied the summing up of the 1993 work and the arrangements for the 1994 work, and worked out new ideas for 1994's work. The report meeting implements the guidelines of Volume 3 of the *Selected Works of Deng Xiaoping* and the Third Plenary Session of the 14th Party Central Committee and generally upgrades the understanding about the policy on linking theory with practice. Many reports dialectically ponder over problems. All this shows that the people have new ideas and good skills and are full of the awareness of emancipating the mind, conducting reform, and opening to the outside world. Many reform projects of breakthrough significance, as set forth in the reports, have new ideas and embody the new measures conforming to the current international big markets. The way of thinking is clear. We have great determination and forceful and solid measures to speed up the capital's modernization. The report meeting makes a good start in carrying out the municipality's work in 1994 and helps lay a good foundation for realizing the 1994 fighting goals. We should strive to make greater achievements.

Chen Xitong started out in his speech by expounding on the guiding principle for the work of the whole municipality during this year. He said: The year 1994 is the first year for comprehensively implementing the decision of the Third Plenary Session of the 14th Party Central Committee on the establishment of the socialist market economic structure, an important year for realizing the goal of becoming well-off three years ahead of schedule, and a year of increased domestic and international opportunities for us. In line with Comrade Deng Xiaoping's theory on building socialism with Chinese characteristics and the guidelines of the third plenary session of the 14th CPC Central Committee, we have proposed the guiding principles for the work of the whole municipality during 1994 through conducting investigation and

studies, extensively listening to opinions, and holding consultation and discussions in all sectors on emancipating the mind, seizing opportunity, making major breakthroughs, meeting the goal of becoming well-off ahead of schedule, and making greater strides in reform and construction.

Chen Xitong said: Emancipating the mind is an endless long-term task. Emancipating the mind is aimed at seeking truth from facts, unceasingly freeing ourselves from the shackles of idealism and metaphysics, and understanding and transforming the objective world in line with dialectics. Just as Comrade Jiang Zemin said: "Emancipating the mind is aimed at making ideology match reality, and subjectivity match objectivity, in other words, it means seeking truth from facts." We conducted general discussions on emancipation of minds for four successive years, and each discussion brought progress in ideology and played an active role in promoting all fields of work. What is the priority of the municipality's emancipation of mind during this year? Generally speaking, the priority is to further emancipate the minds in line with the work of accelerating the establishment of the socialist market economic structure, expanding the extent of reform, establishing a modern enterprise system, and firmly seizing the opportunity to accelerate development in difficult and hot spots that disrupt the progress of all departments and units. Specifically speaking, priorities in emancipating minds this year are:

First, we should continue to emancipate the minds according to the rate of development. The development rate of Beijing last year was quite rapid at 12 percent. Our problem is that we cannot seem to make it faster. The development rate of Beijing is lower than the national average and lower than Shanghai and Tianjin. A gap exists when compared with the favorable conditions of the capital. If we give further play to advantages and tap into potential, it is possible for us to achieve faster development. This development rate should be realistic and sound.

Second, we should further emancipate the mind in building the socialist market economic structure. In building the socialist market economic structure, we should pay attention to the law of value, give play to the basic regulatory role of market mechanisms, and at the same time, build a sound macroeconomic regulation and control system, and never take blind action. Macroeconomic regulation and control is not a synonym of the planned economy, therefore, we must not regard it as going back on the old track. We should comprehensively understand this, and never be one-sided.

Third, we should further emancipate the mind in running state-owned, large and medium-sized enterprises. State-owned, large and medium-sized enterprises are the leading forces of the socialist market economy. We must invigorate them because if we fail to do it this way, it will be impossible for us to establish the socialist market

economic structure. One-third of the number of state-owned large and medium-sized enterprises are good, average, and running in the red. We should try our best to invigorate enterprises that have heavy internal burdens but are needed by the market by pushing them forward with help and support to operate in order to serve the market economy, and strive to invigorate them.

Fourth, we broke the old structure and stressed the importance of daring to go ahead, to blaze new trials, and to take risks in reform and construction, and now central authorities have formulated a basic pattern for the socialist market economy and will establish a new structure, so is it still necessary for us to go ahead, to blaze new trials, and to take risks? We believe that in building a new structure, we still need to advocate the practice of daring to go ahead, blaze new trials and take risks. Because the old structure has not been completely eliminated, shackles and obstacles remain, and many old things have yet to completely disappear from the stage. The newly established systems also need to be replenished, revised, implemented, developed, and improved in practice. We should make bold explorations and experiments for the new system by proceeding from realities. We should also continue to emancipate the mind and dare to give everything a try and go ahead.

Fifth, we should further overcome blind complacency and a passive pessimistic view. It is a lopsided view to feel complacent over a little bit achievements and then refuse to make progress. It is also a lopsided view to blame others and shift responsibilities onto external reasons whenever there is a difficulty and then refuse to exploit one's subjective activity. Both of these views should be tackled conscientiously.

Sixth, we should overcome the situation in which some units have been weak in doing one thing but tough in doing another, or have been tough in words on both but stressed on neither in deeds. Failing to overcome such a metaphysical situation will affect the central link of economic construction. We must persist in the principle of taking a two-handed approach and being tough with both hands. This is the only way to ensure the smooth progress of economic construction.

Seventh, we should overcome the idea of choosing and promoting cadres according to seniority. In using cadres, we should persist in the requirements of making cadres more revolutionary, younger, better educated, and professionally more competent and making cadres have ability and political integrity. We should solve the problem concerning the provision of leading bodies at various levels. We should boldly choose and promote young cadres. This is a long-term policy, and we must emancipate our mind in this regard.

Chen Xitong stressed: Only by emancipating the mind can we blaze new ideas and act boldly. If we are plagued by all sorts of fears and dare not to do this or that, we will be unable to make big progress. New ideas, bold actions, and emancipation of the mind are closely integrated. All

units and all departments should emancipate whatever binds their ideas and actions. By doing so, they can go all out to do their work without restrictions, make progress rapidly, and accelerate the pace of reform and opening up.

When talking about the seizure of opportunity, Chen Xitong pointed out: Opportunity is a special manifestation at the present stage, and it does not exist at any stage. Failing to seize the opportunity, it will be missed. The present situation at home and abroad is extremely advantageous to our development, and thus it is a race opportunity. Seizing the opportunity loosely means failing to seize it. We must firmly seize the opportunity, cherish it, and make good use of it so that we can beef up the economy. Just like some comrades said, seizing the opportunity means having new resources, new financial sources, and high growth speed. Some comrades have failed to seize the opportunity because they have caught sight of things belatedly, understood things slowly, and lacked the sense of responsibility, the sense of urgency, and the sense of crisis. Some other comrades have lacked practical experiences and indulged in empty talks. Still others have aimed too high and buried themselves in studies all day long, thus missing opportunities. We should keep firmly in mind what Comrade Deng Xiaoping said, that is, "the opportunity should be seized and policy decisions should be made in time," otherwise, "the time will pass in a flash." Therefore, seizing the opportunity should be regarded as a principle for our work this year.

Chen Xitong said: By making breakthroughs in key areas, we mean to make breakthroughs in major contradictions, in central links, or in key points. Without emphasis, there will be no policies, and our work cannot be promoted. This year, the central and key point of the work of the entire municipality still lies in economic work. We should achieve success in the work in all fields around the central link of economic construction. Each field has its own major contradictions. Only by making breakthroughs in major contradictions first and solving non-essential contradictions second can we achieve results in our work. To find out correct points in making breakthroughs, we are required to conduct investigation and study and think it over conscientiously. All fronts should sort out their contradictions, put them in right order, and strive to solve them in the order of importance. This means making breakthroughs in key areas. We should solve a central problem in a period, and solve some major problems throughout a year. Successfully solving problems, we will make a breakthrough and make big progress. As all fronts have their own special contradictions and key areas, we should not use a fixed pattern to address their problems. When issues of a specific character are resolved, it will be easy to resolve the issues of a general character. Achieving a fairly comfortable living standard three years ahead of time is an issue regarding general character, in which making mountainous areas prosper, people's housing problem, and the problems of low-income workers require great

efforts to resolve. We should also pay attention to the work of social stability and the spiritual civilization. As long as the key areas are clearly defined and breakthroughs are made in them, greater progress will be achieved in the work of the municipality.

Speaking on strengthening party building and improving party leadership, Chen Xitong said: Comrade Jiang Zemin pointed out that we should "strengthen and improve party building, strive to raise the party's ruling and leadership levels, and enable our long-tested Marxist party to play a better role as the leadership core in the great cause of building socialism with Chinese characteristics." To make a greater step in reform and construction this year, we need to carry out plenty of work, and we must not slacken efforts in party building. We should step up efforts to achieve two improvements. First, we should make unremitting efforts to achieve ideological and theoretical improvement. The major tasks are to deeply study Volume 3 of the *Selected Works of Deng Xiaoping*. After reading through Volume 3, we should conduct intensive reading of special topics in an effort to understand it more thoroughly. In studying Volume 3 of the *Selected Works of Deng Xiaoping*, the focus is to study and master dialectical materialism and historical materialism and to study their stand, viewpoints, and methods. We should use Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics as a tool to attain Beijing's targets of reform, opening up, and construction and promote all work. Meanwhile, we should transform our world outlook and outlook on life and oppose money worship and ultra-individualism. In particular, leading cadres should embrace the communist world outlook and outlook on life and work hard all their life towards their ambitious goal. We should also coordinate the study of the *Selected Works of Deng Xiaoping* with the study of the basic theories of Marxist works, including philosophy, political economics, and scientific socialism. Only when we thoroughly understand the basic theories, can we acquire a better understanding of Comrade Deng Xiaoping's theories. Ideological and theoretical improvement should be the criterion in assessing cadres, especially young cadres. Chen Xitong pointed out that focusing on establishing the socialist market economy system, we should study the knowledge on the market economy, the modern enterprise system, and modern science, technology, and management. He urged: The study should become a system, should be examined, supervised, and appraised, and should become a criterion for selecting and promoting cadres. Propaganda through the media and through cultural and art works should all be linked to Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics, and the major melody should be given prominence so that efforts can be pooled to achieve a fairly comfortable standard of living together.

Speaking on organizational improvement, Chen Xitong pointed out: The focus should be on improving leading bodies. Breakthroughs should be made in organizational work, especially in the orderly succession of cadres to

make leading bodies younger. We should promote a number of young cadres who uphold the four cardinal principles, are loyal to the party's cause, and pay attention to the overall situation. We should also promote women cadres and cadres of minority nationalities and make a breakthrough in selecting cadres without party affiliation or with democratic parties to participate in the administration of state affairs. We should improve grass-roots organizations and build party branches well. In particular, we should be determined to rectify backward party branches and, at the same time, summarize the experiences of advanced party branches so as to promote the work of the middle branches of the party. We should build party organizations of enterprises and also pay attention to improving the party organizations of the three types of foreign-funded enterprises, collective enterprises, and private enterprises. Only when grass-roots organizations are improved, can the party fully develop its role. We should achieve success in improving party style and building a clean government. This is a major task concerning the life and death of our party. Administrative honesty should be linked with administrative diligence. Two major experiences were gained in the improvement of administrative honesty in the previous stage. First, meet with the masses to directly hear their opinions and accept their supervision. Second, administrative honesty is closely linked with administrative diligence, so be sure to be honest and diligent. We should always use the enthusiasm gained through improvement of administrative honesty to do good and real deeds for the people and start an upsurge before the Spring Festival.

Chen Xitong urged to vigorously promote the setup of socialist democracy and politics and pointed out the necessity to reform the political system accordingly while restructuring the economy. At present, we should achieve work in the following few aspects: First, we should further improve the people's congress system; strengthen and perfect the functions of the municipal, district, and county people's congresses and their standing committees; upgrade the prestige of the local organs of state power; bring into better play the functions of the people's deputies; and work out systems to enable the deputies to bring their functions into better play after the congresses. Second, we should further perfect the system of multi-party cooperation and political consultation under the leadership of the communist party and consolidate and develop the united front in the new situation. We should continue to persist in the principle of "long-term coexistence, mutual supervision, showing utter devotion, and sharing woe and weal"; strengthen and improve the leadership of the party; and bring into full play various democratic parties and non party personages' roles in participating in and discussing political affairs and conducting democratic supervision. We should strengthen the consultation and discussions with democratic parties; improve the work of handling the motions put forward by the democratic parties, including the federations of industry and commerce; and positively create conditions for democratic parties to

participate in and discuss political affairs and conduct democratic supervision. The party-member cadres at various levels should pay attention to the united front work and strengthen the work toward nationalities, the religious work, and the work toward Taiwan. Third, the most important foundation of the united front is the masses of workers and peasants. The key to ensuring that the masses of the people play the role as a master is to carry forward democracy, to make the people have the right to handle their own affairs, to link responsibility with right and benefits, and actually mobilize the people's enthusiasm for being the master of the people. Fourth, we should achieve the setup of the socialist legal system. Without the legal system, there will be no guarantee for the sustained, fast, and smooth progress of the national economy. We should speed up the legislation to promote the setup of the socialist market economic system, strengthen the construction of the law enforcement worker contingents, attend to the education on general knowledge of laws, and really ensure that there are laws to abide by. Fifth, we should safeguard the political and social stability of the capital just as we cherish our eyes. This is of primary importance. Development creates conditions for stability, and stability provides an environment for development. One's existence depends on the another.

Chen Xitong stressed the necessity to vigorously advocate the tendencies of conducting investigations and study. Last year, we did this for the whole year and made good achievements. This year, we should continuously persist in it. This is a fundamental duty for leading organs. The leading organs of the municipal party committee and the municipal government, departments, commissions, offices, districts, counties, bureaus, and all units should work out plans for investigations and study. It will be possible to form a regular work method if we persist in it for several years. Through investigations and study, all units should report back as to what aspects they have emancipated their minds in, what obstacles they have in grasping favorable opportunities, what contradictions they should solve, and what methods they should adopt to solve contradictions. All these should be regarded as the main contents of the investigation and study activities as well as the basis for year-end examinations.

Li Qiyan urged that all departments should relay and implement the guidelines of the meeting, readjust their own work plans, divide their planned tasks to lower levels, and ensure the implementation of the tasks. Before the Spring Festival, we should further do solid and concrete deeds for the people; achieve the things that have direct bearings on the personal interests of the people, such as market supply and the supply of gas, heat, and electricity; and also resolutely ban the setting off of firecrackers.

Present at the meeting were some municipal leaders, including Zhang Jianmin, Wang Daming, Li Zhijian, Zhang Baifa, and Wang Baosen.

## Northeast Region

## Jilin Secretary Discusses Deng's Theory

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[Text] Today, the second session of the 10-day study and discussion session for city and autonomous prefectural party committee secretaries and leading cadres of provincial organs to study Volume 3 of the *Selected Works of Deng Xiaoping* opened, following the end of the first session.

Wang Jinshan, deputy secretary of the provincial party committee, presided over the report meeting. Members of the theoretical study central group of the provincial party committee and responsible comrade of provincial organs attended the report meeting. He Zhukang, secretary of the provincial party committee, delivered a speech on studying the concept of development of the theory of building socialism with Chinese characteristics and on upgrading the leadership work concerning the construction of a developed border province near the sea to a first-rate level.

Comrade He Zhukang pointed out: In essence, Deng Xiaoping's theory of building socialism with Chinese characteristics, as the Marxism of the contemporary China, is the theory of development of socialism with Chinese characteristics. In studying Volume 3 of the *Selected Works of Deng Xiaoping* or even all the works of Comrade Xiaoping, we should pay close attention to the issue of development and regard it as a basic task to study and uphold the concept of development of the theory of building socialism with Chinese characteristics. Judging from the current practice, this has very important and urgent immediate significance on studying and upholding the concept of developing the theory of building socialism with Chinese characteristics. With the deepening of reform and acceleration of development, the inherent contradictions in development, especially the problems in coordination between the three major factors of economy, politics, and culture, have become more and more conspicuous in front of leading persons at all levels. Only when we master the scientific concept of development, can we become qualified and capable of leading development, can we easily resolve the numerous contradictions in development, and can we ensure that development continues smoothly along the right track.

He Zhukang said: The purpose for us to study and uphold the concept of developing the theory of building socialism with Chinese characteristics is to enhance our understanding and to improve our ability for organization, for coping with changes, and for implementing policies in our effort to lead reform and development in line with the reality in leadership work so that our socialist cause can develop in a faster and better manner.

Based on the reality in the endeavor of building a developed border province near the sea, He Zhukang

gave four profound expositions on the theory and practice of accelerating development.

First—to understand development as a socialist historical task in order to enhance the sense of leadership toward accelerating development. He Zhukang said: In the final analysis, leadership work is designed to take the lead in development. Whether we can firmly embrace the concept of accelerating development is a key factor determining whether leadership activities are correct and whether work is effective. The most important point in the concept of development in Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics is to emphasize the important significance in development and regard development as the essential criterion for guiding all our work. In studying and upholding the concept of developing the theory of building socialism with Chinese characteristics, we should, above all, achieve a good command of this essential criterion, continuously enhance our sense of strategy toward the leadership over development, and strive to study and promote development with utmost efforts. In the process of building a developed border province near the sea, we should firmly grasp development, the lifeline determining the future of China's socialism, attach importance to the development of our own province, cities, and counties from the perspective of the overall situation, include localities under our own leadership in the systems engineering project for the overall development with a strong sense of historical responsibility and mission, strengthen and improve leadership over development, and attain our respective development targets so as to contribute to overall development.

Second—with the guidance of the concept of development of the theory of building socialism with Chinese characteristics, to establish and form new ideas and mechanisms for development. He Zhukang pointed out: Volume 3 of the *Selected Works of Deng Xiaoping* has not only clearly pointed out the strategic position and strategic significance of the issue of development, but it has also provided systematic answers to the several questions concerning the theory and practice of development under the conditions of contemporary China, thus forming a fairly complete development concept in the theory of building socialism with Chinese characteristics. This concept of development is a scientific summary of experiences in China's socialist construction, especially the experiences in development achieved since reform and opening up started. It profoundly promulgates basic changes in the pattern of development in socialism and indicates an orientation for us to establish new ideas and mechanisms for development. With the guidance of this Marxist and scientific concept of development, we should make the pattern of development compatible with the transformation from the planned economy into the market economy and change the reliance on the arrangements by higher levels into pursuit of development geared to market demand. In accordance with new situations in agriculture, rural areas, and

peasants under a market economy, we should shift the focus of rural work to increasing the income of peasants; meeting the challenges presented by the new scientific and technological revolution and enterprise revolution, change the structure of the essential elements of production from one dominated by natural resources into one dominated by science and technology; suiting the needs for continuously raising the level in systematic and overall economic and social development, we should change unbalanced development of just one sector into coordinated development of all sectors; and in accordance with the new tendency to institutionalize economic and social development, we should put development on a legal footing.

Third is to resolve the conspicuous contradictions in economic development and channel the implementation of the strategic target of building a developed border province near the sea onto a track characterized by high speed and high efficiency. He Zhukang said: The new ideas for development have set new and still higher demands on the leadership work of party committees and governments at all levels. On the one hand, we should accelerate reform and cultivate new mechanisms for development and, on the other, lose no time in strengthening leadership over development. At present, we should make earnest efforts to do practical work, achieve success in implementing the strategic target in a creative manner, deepen reform, strengthen management, create momentum for development, adjust the structure, better organize industries, further improve the distribution of resources, step up efforts to standardize and supervise economic activities, and protect development with effective measures.

Fourth is to have the ability to observe and handle issues from a political viewpoint and firmly hold the initiative in leading development. He Zhukang said: To better unify the thinking and action of the vast number of party members, cadres, and ordinary people in line with Deng Xiaoping's theory of building socialism with Chinese characteristics and its concept of development and with the grand practice in building a developed border province near the sea and to promote Jilin's development in a down-to-earth manner, we should also have the ability to observe and handle the issues on development from a political viewpoint, comprehensively consider the numerous political, economic, and social issues from the political angle of view, and note their relations. We should correctly analyze and handle the contradiction among the people in the new historical period, trust and rely on the masses, and fully boost their enthusiasm, initiative, and creativity. In particular, we should solve the problems for the workers of enterprises who have suspended production and of rural areas who are having a difficult time. We should strengthen army-government unity, army-civilian unity, and national unity. We should educate the masses with patriotism, collectivism, and socialist ideas and enhance the unity of party organizations. During the Spring Festival period, leaders

at all levels should go deep into the grass-roots level to visit the poor and people who are having difficulty making ends meet.

In conclusion, Comrade He Zhukang said: Promoting reform, opening up, and the socialist modernization drive is a sacred mission entrusted to us by our era, our nation, and our people. With the guidance of Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics and under the correct leadership of the party Central Committee with Comrade Jiang Zemin as the core, let us unite as one to brave the way forward, pioneer new causes through hard work, work in a down-to-earth manner, accelerate development, and strive to fulfill the grand target of building a developed border province near the sea.

After the report meeting, the provincial party committee held at its party school a forum of the city and autonomous prefectural party committee secretaries who had attended the study and discussion session. Comrade He Zhukang chaired the forum, and Comrades Zhang Dejiang, Wang Jinshan, Liu Xilin, and Feng Ximing attended. Comrade Wang Jinshan gave a report on the guidelines of the recent standing committee meeting of the provincial party committee. The participants discussed their experiences in the study and discussed and offered ways to succeed in the current work.

**Jilin Secretary Attends Rally on Mao's Birthday**  
SK2101103894 Changchun JILIN RIBAO in Chinese  
25 Dec 93 pp 1, 3

[By Xin Lijuan (6580 7787 1227): "Provincial Party Committee Holds Rally To Mark Centennial of Birth of Comrade Mao Zedong"]

[Text] The 100th birthday of the great man created a warm current that kept out the cold in the hearts of the people of various nationalities throughout the country. On the afternoon of 24 December, a huge color picture of Mao Zedong, the great man the people are familiar with and respect, was hung at the center of the rostrum of the fully seated auditorium of the provincial cultural activity center. A streamer with glistening characters reading "1893 to 1993" flanked by resplendent red flags, dark green pine and cypress trees, and fully blooming flowers were placed up front. The "rally to mark the centennial of the birth of Comrade Mao Zedong" held by the Jilin provincial party committee started amid the magnificent playing of the "national anthem."

Gao Yan, deputy secretary of the provincial party committee and governor of the province, presided over the rally, and Comrade He Zhukang, secretary of the provincial party committee, gave an important speech.

Over 1,600 people attended the rally. They were leading comrades of the provincial party committee, people's congress, government, committee of the Chinese People's Political Consultative Conference, and military

district; former provincial-level comrades; leading comrades of the provincial court and procuratorate; leading comrades of army units stationed in Changchun and the provincial people's armed police force; chairmen of the provincial committees of the various democratic parties and the federation of industry and commerce; responsible comrades of various provincial departments and retired departmental-level comrades; responsible comrades of the large enterprises, scientific research units, and colleges and universities in Changchun; representatives of veterans of the Red Army, veteran party members, labor models, workers, peasants, intellectuals, Liberation Army, minority nationalities, Taiwan compatriots, Hong Kong and Macao compatriots, overseas Chinese, people from religious circles; and some cadres of some provincial organs.

He Zhukang pointed out in his speech: We gather here today with feelings of respect, to ceremoniously commemorate the centennial of the birth of Comrade Mao Zedong, a great Marxist, proletarian revolutionary, strategist, and theorist, and the primary founder and leader of the CPC, the Chinese People's Liberation Army, and PRC.

Mao Zedong, a great man of history who later had a tremendous influence on China and the world in this century, was born in Shaoshanchong in Xiangtan County of China's Hunan Province on 26 December, 100 years ago. When Mao Zedong stepped up onto China's political stage and became the CPC leader, he and his comrades-in-arms accomplished the great cause that fundamentally changed China's history and destiny, so that his name will always be remembered and respected by the Chinese people. Integrating the universal truth of Marxism with the specific practice of China's revolution, Comrade Mao Zedong created the Marxism of China—Mao Zedong Thought. The crystallization of the collective wisdom of the CPC, Mao Zedong Thought is extremely rich in content, including the idea on persistently seeking truth from facts, integrating the fundamental tenets of Marxism with the specific practice of China, and blazing China's own road of revolution and construction; the idea on People's Army and people's war; the idea that the CPC is the leadership core of Chinese people and that only socialism can save China; the idea of building and consolidating a republic under the leadership of the communist party that exercises people's democratic dictatorship; the idea on correctly handling the contradiction among the people, mobilizing all positive factors, uniting all the forces that can be united, and building a great and strong socialist country; the idea on establishing and developing the patriotic united front; the idea on independence, self-reliance, plain living, hard work, constantly striving to become stronger, and standing in the world; the idea on people being the motivation to create history, persistently uniting and relying on the masses, and serving the people wholeheartedly; the idea on maintaining and carrying forward the fine work styles of integrating theory with practice, maintaining close ties with the masses, and

self-criticism; and the idea on comprehensively strengthening party building. Seeking truth from facts, the mass line, and independence are the living soul dominating Mao Zedong Thought. Mao Zedong Thought is the precious spiritual wealth of our party and the great banner guiding our advance.

Comrade Mao Zedong made immortal contributions to the country, the nation, and the people during his lifetime. Two of these were most prominent. One was that he discovered the road to the victory of the Chinese revolution during the period of the new democratic revolution; and the other was that he led Chinese people in establishing the socialist system and conducted great exploration on building socialism. Comrade Mao Zedong accomplished two great undertakings that changed China and influenced the world. His great contributions have been acknowledged by the world and become indelible. His meritorious service is indelibly engraved in history, and his thought is deeply rooted throughout China's vast lands.

Communists in contemporary China are the successors to carrying out Mao Zedong's cause. Carrying out the cause pioneered by Comrade Mao Zedong and upholding and developing Mao Zedong Thought are the historical responsibility of communists in contemporary China. As the chief architect of China's reform, opening up, and modernization drive, Comrade Deng Xiaoping, after acquiring a profound understanding of Marxism, achieving accurate mastery of the national situation of the contemporary China, making a thorough analysis of the changes in the world situation and continuously summarizing the fresh experiences in reform, opening up, and the modernization drive, gradually created and established the theory of building socialism with Chinese characteristics and brought Marxism to a new realm and new height in contemporary China. This theory provides, for the first time in the history of the international communist movement and the history of the development of Marxism, a fairly systematic and initial answer to the important historical task of how economically and culturally backward countries should build, consolidate, and develop socialism. This is a new and tremendous theoretical contribution made by Chinese communists to the international communist movement and is the vivid manifestation of the youthful vigor of Marxism on China's vast land. As has been proven in history, in the period of democratic revolution, Chinese revolution would not have succeeded without Mao Zedong Thought. Likewise, in the period of socialist construction, China's reform, opening up, and socialist modernization drive will not succeed without Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics.

Comrade He Zhukang emphasized: In commemorating Comrade Mao Zedong, our most fundamental task is to uphold and develop Mao Zedong Thought, arm our minds and guide all our work with Comrade Deng Xiaoping's theory of building socialism with Chinese

characteristics, and continue to promote reform, opening up, and the socialist modernization drive.

The purpose behind our commemoration of Comrade Mao Zedong is to always adhere to the party's ideological line of emancipating the mind and seeking truth from facts. Emancipating the mind and seeking truth from facts constitutes the quintessence of Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics and the ideological line the entire party should uphold at all times. As we are pioneering a brand-new undertaking, new conditions, new problems, and new contradictions will emerge in an endless stream, and opportunities will coexist with challenges, and hopes with difficulties. At this moment, we should all the more adhere to the ideological line of emancipating the mind and seeking truth from facts because it is key to the smooth progress of reform. To further emancipate the mind, we should continue to shake off the fetters imposed by the traditional pattern of the planned economy, truly understand reform as a profound revolution, and channel people's ideas onto a track compatible with the socialist market economy system. Emancipation of the mind should be reflected not only in a change of concepts but also in the courage to innovate and pioneer the way forward in the practice of reform.

In commemorating Comrade Mao Zedong, we should clearly understand the essence and characteristics of socialism and take the initiative in firmly adhering to the party's basic line consisting of "one central task and two basic points." To uphold socialism, we should first clarify the most important basic theoretical questions of what socialism is and how socialism should be built. Comrade Deng Xiaoping pointed out: "The essence of socialism is to liberate and develop productive forces, eliminate exploitation and polarization, and ultimately achieve common prosperity." This incisive scientific theory provides the most fundamental answers to the important questions of what socialism is and how socialism should be built and helps unify the thinking of the entire party and the people across the country. His emphasizing that reform is to liberate and develop productive forces and to ultimately achieve common prosperity means his persisting in the unity between means and purpose; his emphasizing that the superiority of socialism should be reflected in the development of productive forces and that socialism is to eliminate exploitation and polarization means his persisting in the unity between the criterion of productive forces and the criterion of people's interests; and his emphasizing that development of productive forces should be promoted by upholding the four cardinal principles, deepening reform, and opening wider to the outside world means his persisting in the unity between the "one central task" and the "two basic points" of the party's basic line.

In commemorating Comrade Mao Zedong, we should devote more efforts to reform and opening up and establish the socialist market economy system more rapidly. Economic development is the foundation for us to solve all problems. Comrade Deng Xiaoping clearly

pointed out: "Development is the essential criterion," and "development decides on the basic solutions to problems." The momentum for development lies in reform, and the basic way to accelerate development lies in accelerating reform. Reform has reached a crucial period, a period for resolving the greatest difficulty in combining package reform with breakthroughs in key areas. This requires that we devote greater efforts to accelerating reform. The "decision of the CPC Central Committee on the several issues concerning the establishment of the socialist market economy system" adopted at the Third Plenary Session of the 14th Party Central Committee systematizes and specifies the reform targets and basic principles of the economic system defined at the 14th party congress and formulates a program of action for changing the old system to the new and for accelerating reform. We should conscientiously implement the guidelines of the "decision," emphasize reform, extend the degree of reform, and accelerate development by accelerating reform.

In commemorating Comrade Mao Zedong, we should conscientiously strengthen party building and improve the party's combat effectiveness. Party building is a magic weapon to win the success in Chinese revolution and construction. Strengthening party building means to arm the entire party with Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics to raise the ideological and theoretical level of cadres with party membership, especially leading cadres; means to do a good job in improving leading bodies at all levels, resolutely implement the principle of democratic centralism, safeguard the unity and solidarity of the party, raise the awareness and be more steadfast in adhering to the party's basic line, and improve the ability to lead reform and develop the market economy; means to persistently build the material civilization and improve the socialist spiritual civilization and to be strong in doing both as consistently advocated by Comrade Deng Xiaoping; means to correct party style, step up efforts in building a clean government, wage the anticorruption struggle, and carry it on with unremitting efforts; and means to do a good job in improving grass-roots party organizations, give full play to the leading and exemplary role of party members, firmly remember the purpose of serving the people wholeheartedly, maintain close ties with the masses, and better unite and lead the masses to plunge themselves into the great practice of building socialism with Chinese characteristics.

In commemorating Comrade Mao Zedong, we should learn from the noble examples and characters of Comrades Mao Zedong and Deng Xiaoping and other revolutionaries of the older generation. Their revolutionary examples and characters tempered through the long revolutionary struggle are the valuable spiritual wealth of our party. We should learn from their strong sense of historical mission and responsibility manifested in their lifelong concern for the future and destiny of the country and the nation; learn from their sacrificing spirit manifested in their respect for the masses, ardent love for the

people, concern at all times for the interests and desires of the broadest part of the masses, and dedication to the liberation and development of the nation; learn from their firm faith in socialism and their tremendous courage to get rid of difficulties when the revolution encountered detours and was at a low tide; learn from their foresightedness, ability to observe and handle issues by taking the whole situation into account, and scientific approach to adopt specific measures to solve specific problems; learn from their patriotic values manifested in their unyieldingness toward external pressure and firm defense of state sovereignty and national dignity; and learn from their noble character of openheartedness and their awareness in party spirit manifested in their unselfishness and adherence to principles. We should take them as good examples, draw strength from their noble examples and characters, perform our duties more successfully, and work harder to live up to the ardent expectations of the proletarian revolutionaries of the older generation.

The rally concluded amid the magnificent playing of the "national anthem." A large literary and art performance was held there by the propaganda department of the provincial party committee and the provincial culture department after the rally. With respect for Comrade Mao Zedong, performers of the provincial song and dance ensemble, the provincial national orchestra, the provincial Beijing Opera troupe, and the institute of art staged rich and colorful music, dance, and Beijing Opera programs.

#### Jilin Views Ideas for Economic Development in 1994

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22 Dec 93 pp 1,4

[By reporters Ge Zhonghe (5514 0022 0735) and Zhang Jingbo (1728 2529 3134); "Jilin Economic Work Conference Defines 1994 Economic Development Ideas"]

[Text] Deeply implement the guidelines of the third plenary session of the 14th party Central Committee and the second plenary session of the sixth provincial party committee, concentrate more energy on reform and development, speed up the setup of the socialist market economic system, further expand the scale of opening up, emphatically readjust the industrial structure, increase economic results, comprehensively fulfill all tasks for elevating the economy to a new height, and ensure a sustained, rapid, and sound development of the national economy. These are the 1994 economic work guiding principles as defined at the provincial economic work conference on 21 December.

Present at the conference were Wang Guofa, Quan Zhezhu, and Wei Minxue, vice governors of the provincial government; and Sang Fengwen, secretary general of the provincial government.

Comrade Gao Yan first divided the guidelines of the national economic work conference into nine parts and

relayed the guidelines. The contents of these nine parts are the current situation, the 1994 economic work principles and tasks, the vigorous development of the rural economy, the increase in the peasants' income, the stress on economic results, the efforts to realistically grasp the industrial and communications production, the several major reform measures as put forward in line with the general targets for accelerating the setup of the socialist market economic system, the efforts to grasp favorable opportunities to further expand the scale of opening up, the efforts to appropriately handle the relations of reform, development, and social stability, and the enhancement and improvement of the leadership over the economic work. After that, Comrade Liu Xilin comprehensively arranged the 1994 economic work.

After analyzing the 1994 economic development trends and defining the national economic development targets, he first used conclusive figures to introduce the province's new achievements in reform and economic construction. He said: The 14 managerial rights which are delegated to enterprises according to the "regulation" are being delegated in a step-by-step manner. Noticeable achievements have been made in experimenting with the shareholding system. The state-owned and civilian-run enterprises have been popularized on a large scale. Simultaneously, the company system is carried out on a trial basis. Key headway has been made in price reform, new headway has been made in carrying out the social insurance system and reforming the economic system, and new strides have been made in reforming the planning and investment system and the housing system and setting up the market system. Based on the 1992 rapid economic growth rate, in 1993, the province continues to maintain the good faster development trend. The major targets for elevating the economy to a new height have been fulfilled. The GNP is expected to reach 5.5 billion yuan, an increase of 14.3 percent over 1992. Of this, the added value of the tertiary industry is expected to reach 13.3 billion yuan, an increase of 17.3 percent; the total agricultural output value is expected to reach 22.4 billion yuan, the second peak year in history; the total output value of town and township enterprises is expected to reach 30 billion yuan, an increase of 40 percent over 1992; the total industrial output value is expected to reach 81 billion yuan, an increase of 18 percent; the total volume of retail sales of commodities is expected to reach 35.2 billion yuan, an increase of 17.9 percent; and the foreign export trade volume is expected to reach \$1.6 billion, an increase of 23 percent. A total of 1,400 foreign-funded enterprises of three types have been approved and \$650 million foreign capital has really been used, an increase of more than 200 percent over the figures of last year. The capital profit and tax rate reaches 6.24 percent. (If calculated according to comparable factors, the targets of elevating the economy to a new height can be fulfilled.) The per capita labor productivity of the independent accounting industrial enterprises at or above the township level reaches 9,686 yuan. The turnover of the working funds is 1.27 times. The energy consumption for per 10,000 yuan of industrial

output value is 3.46 tonnes of (standard coal.) The revenues are expected to reach 6.8 billion yuan, an increase of 19 percent. The bank savings deposits reach 48.39 billion yuan, an increase of 7.5 billion yuan over the figure at the beginning of the year. The per capita net income of the peasants reaches 864 yuan and the urban dwellers' income for living expenses reach 1,735.6 yuan. The investment in fixed assets of society reach 20 billion yuan, an increase of 33 percent over 1992. The investment in the fixed assets of localities reach 14.07 billion yuan, an increase of 34.9 percent. Of this, the investment in technological transformation reaches 2.8 billion yuan.

Liu Xilin said: The year 1994 is a year to implement the "decision" of the third plenary session of the 14th party Central Committee, to wholly promote the economic structural reform, and to make key breakthroughs in the economic structural reform as well as the last year to attain the three-year target of elevating the economy to a new height as required by the provincial party committee and the provincial government. The 1994 major national economic and social development targets are defined as follows:

The GNP should increase by 12 percent and strive to increase by 16.5 percent. Of this, the added value of the tertiary industry should increase by 20 percent and strive to reach 28 percent.

The total agricultural output value should increase by 6 percent and strive to reach 7.4 percent. The total grain output should reach 19 billion kilograms. The total output value of town and township enterprises should increase by 33.3 percent.

The total industrial output value should increase by 15 percent and strive to increase 18.4 percent.

The capital profit and tax rate of the industrial front should increase by 2 percentage point. The per capita labor productivity of the independent accounting industrial enterprises at or above the township level should increase by 14 percent. The energy consumption for per 10,000 yuan of output value should be reduced by 3 percent. The turnover of the working funds should reach 1.37 times.

The revenues should increase by 8 percent.

The bank savings deposits should increase by 8.5 billion yuan, an increase of 17.5 percent.

The volume of retail sales of commodities should increase by 17 percent.

The foreign export trade volume should reach \$2 billion, an increase of 25 percent. A total of \$750 million foreign capital should really be used, and the use of foreign capital should strive to reach \$800 million foreign capital.

The per capita net income of the peasants should reach 910 yuan and the urbanites' income for living expenses should reach more than 1,800 yuan.

The retail price index should be controlled within 10 percent.

The 1994 reform tasks are extremely arduous. Liu Xilin pointed out: Setting up the modern enterprise system is an effective way for realizing the public ownership form under the conditions for exploring the market economy as well as a reform orientation of the state-owned enterprises. According to different actual conditions, enterprises should adopt different forms to reform the property right system. First, develop the shareholding system. Next year, we should strive to transform 50 to 100 state-owned large and medium-sized enterprises with good foundation and good economic results into limited companies or shareholding corporations. Second, reorganize, on a trial basis, state-owned, wholly funded limited companies. Next year, 100 enterprises in the province should be changed into companies of this kind. In addition, we should also carry out various forms of property right systems, such as "state ownership and civilian management," grafting management, shareholding cooperative management, "separate management," management based on reformed system, amalgamation, and bankruptcy. Simultaneously, we should also positively reform the financial, investment, planning, and foreign trade systems in the macroeconomic spheres; positively and steadily promote the reform of price, housing, social insurance systems; focus on cultivating the markets for production factors; and vigorously strengthen the construction of capital, land, labor, technology, information, and property right markets.

In regard to the issues of speeding up the economic development and striving to fulfill the task of elevating the economy to a new height, Liu Xilin stressed: We should strengthen agriculture's role as the foundation of the national economy, vigorously develop the shareholding cooperative economy, and cultivate and expand the mainstay of the markets. It is necessary to ceaselessly perfect the responsibility system dominated by the contracted responsibility on the household basis with payment linked to output and the dual management system of linking centralized management with decentralized management and along with the setup of the socialist market economy. We should stabilize the land contract relations and extend the land contract periods. Under the conditions of persisting in the collective ownership of the land and not changing the purposes of utilization of land, the peasants are allowed to sell the land utilization rights within the contract periods. Barren hills and wasteland can be rent, mortgaged, and used in exchange for stocks. In this way, land resources will effectively be distributed and appropriately be managed. The shareholding cooperative system is created by the peasants in order to suit the new situation of developing the market economy. Therefore, all localities should run and transform town and township enterprises in the form of the shareholding cooperation system and organize and set up circulation organizations and socialized service organizations.

In regard to the industrial production, Liu Xilin set forth: Next year, we should carry out our work emphatically in line with the requirements for readjusting structures, transforming mechanisms, grasping management, and increasing efficiency. In the course of readjusting the industrial structure, we should further expand such two pillar industries as the petrochemical and vehicle industries; develop the industries with advantages, such as food, medicine, metallurgical, building materials, and paper-making industries; and strengthen such basic industries as energy and raw material industries. We should also positively develop the electronics industry. We should emphatically grasp the construction of a large number of key projects, such as the 300,000-tonne ethylene project of Jilin Chemical industry Company, the sedan car manufacturing project and its auxiliary projects of the Changchun No. 1 Vehicle Manufacturing Plant, and the first phase of the Shuangliao power plant project; and conduct technological transformation among the "bottle neck" and weak links that affect the economic development. The enterprises should organize structural readjustment according to the requirements for the market economy, further develop specialized and integrated management, and adopt various forms to optimize the reorganization of enterprises. The product mix should be readjusted according to the principle of supporting the production of the products with advantages, creating new products, increasing the production of readily marketable products, controlling the production of unmarketable products, and limiting the production of ordinarily marketable products. We should support the production of quality products in line with the preferential policies. Next year, we should develop 2,400 new products and focus on developing 50 new products each creating 2 to 5 million yuan of profits and taxes annually.

Keeping a proper scale of investment in fixed assets is a key condition for economic growth. Next year, the investment in fixed assets should be 24 billion yuan. The total investment will be used for key construction projects and technological transformation projects.

We should speed up the economic development pace; vigorously develop the collective, private, and individual sectors of the economy; cultivate new national economic growth points; pay high attention to science and technology and education; positively develop the tertiary industry; organize market supply; and make good arrangements for the people's livelihood.

Further expanding the scale of opening to the outside world and vigorously developing the export-oriented economy is one of the province's economic work priorities. Liu Xilin urged: In the new year, we should positively expand the international market and vigorously develop foreign trade. We should further improve the export commodity structure; vigorously grasp the export of additional-value machinery and electronics products and complete sets of equipment with strong competitiveness on the international market, high foreign exchange earnings, and good export projects and

new high-tech products. We should expand the export of labor-intensive light and textile products. We should accelerate the transformation of a number of export-oriented town and township enterprises; gradually set up a system where the production of grain, oil, meat, vegetable, fruit, and timber is comprehensively developed; and establish enterprise groups with foreign exchange earnings. We should improve the environment of opening to the outside world and positively and effectively use foreign capital. Next year, we should approve 1,000 foreign-funded enterprises and strive to use \$800 million foreign capital. We should realistically achieve the construction and management of development zones, continue to run four state-class development zones, and strive to gain approvals for setting up several provincial-level development zones.

Liu Xilin urged: To suit the 1994 reform and development, the leading organs at various levels and the leading cadres should noticeably improve their leadership forms and work style. Next year, the provincial, city, and county government organs should conduct reform in succession. The reform targets are to change functions, balance relationship, streamline administration, and improve efficiency. The most urgent task for changing the government functions is to realize the transition from direct management of enterprises to macroeconomic regulation and control, to grasp the setup of the markets for production factors, and to create conditions for sending enterprises to markets. He hoped that the cadres at various levels should clearly understand the situation, have firm faith, overcome difficulties, vigorously promote reform and opening up, and fight for promoting a sustained, fast, and sound development of the national economy.

Present at the conference were principal leaders of the city (autonomous prefectural) governments, leaders of the provincial-level and city (autonomous prefectural) departments concerned, and plant directors (managers) of some large enterprises.

#### Liaoning Speeds Up Industrial Modernization

OW1102182494 Beijing XINHUA in English 1449  
GMT 11 Feb 94

[Text] Shenyang, February 11 (XINHUA)—Giving decision-making powers to state-owned enterprises in north-east China's Liaoning Province has proved the key to modernizing the production facilities and improving product quality.

That is the view of experts in Liaoning, China's oldest industrial base which has made strenuous efforts since 1991 to renew its old facilities and enhance the quality of products.

Between 1991 and 1993, the province, employing 33.36 billion yuan, fulfilled 1,800 projects of technology enhancement.

At the beginning of the 1990s, only 32.5 percent of the installed equipment in this industrial region, formed as early as the 1950s, was up to satisfactory 1980s levels, lower than the country's average standard.

That resulted in the poor quality of processed products and final products. The output value from the mining and raw material sectors accounts for over 41 percent of the province's industrial total.

Focusing on 50 major products, Liaoning's improvement program has kept its eye both on domestic and overseas markets in the past three years.

In the current market economy drive, enterprises in the province have used flexible means to raise funds. More than 60 percent of the total investment in the improvement project was self-raised.

In just this way, Huludao Zinc Smeltery has successfully renovated itself into the world's largest smeltery in the nonferrous metal industry. Its annual capacity is expected to reach 400,000 tons, while three years ago it was 100,000 tons.

By the end of 1993, technological progress achieved in Liaoning had enhanced the proportion of semi-finished products to final products from 8:2 to 7:3, and in exports, from 81:19 to 66:34.

Medium and large-sized enterprises in the province have also gained competitive strength, with about 10 percent of them becoming well-known in markets at home and abroad.

### Northwest Region

**Ningxia Chairman Addresses Economic Meeting**  
HK0702113194 Yinchuan NINGXIA RIBAO in Chinese  
27 Jan 94 p 1

[Report: "Chairman Bai Lichen Delivers Important Speech at Opening Session of Regional Economic Work Conference"]

[Text] The regional economic work conference opened on the morning of 26 January 1994. This is an important meeting in the process of reform, opening, and economic development in this region.

The tasks of the conference are to: Comprehensively implement the spirit of the Third Plenary Session of the 14th CPC Central Committee and the national economic work conference; analyze the current economic situation; arrange this year's economic work; and mobilize cadres and the masses in Ningxia to further emancipate their minds, unify their thinking, grasp the opportunity, quicken reform and development, and create a new situation in the economic work of this region.

Party and government leaders of the autonomous region Huang Huang, Bai Lichen [chairman of the regional government], Ma Qizhi, Ma Xiguang, Wang Yu, Ma

Wenxue, and Liu Zhong attended the meeting. Wang Qixing, vice chairman of the autonomous region government, presided over the opening session. Responsible comrades from all prefectural, city, and county governments and departments in charge of economic work; leaders of all relevant regional departments; representatives of large and medium industrial enterprises in Ningxia; and responsible comrades from the democratic parties, totalling over 300 people, attended the meeting.

At the opening session, Bai Lichen, chairman of the regional government, delivered an important speech entitled: "Deepening Reform, Adjusting Thoughts, Grasping the Opportunity, and Accelerating Development." The speech was divided into five major parts. While analyzing the current economic situation, Bai Lichen pointed out: In 1993, we comprehensively implemented the spirit of the 14th CPC National Congress and continued to carry out the instructions Comrade Deng Xiaoping gave on his inspection tour to the south; we also made positive explorations regarding the establishment of the socialist market economy and made major progress in this region's economic and social development. On the basis of the economic recovery [hui sheng 0932 0581] in 1992, economic growth moved onto a faster lane last year and the GDP for the whole year reached 9.5 billion yuan, an increase of 10 percent over the previous year and exceeding the target of 9 percent. The output value of primary industry increased by 4.5 percent; that of secondary industry increased by 13.2 percent; and that of the tertiary industry increased by 9.2 percent. Local financial revenue reached 1.08 billion yuan, increasing by 40.6 percent over the previous year. When affirming that the region's economy was developing healthily and stably, Bai Lichen also analyzed the existing difficulties and problems in the course of economic development: People's thinking was still not completely free from the shackles of the old concepts and systems and was still not commensurate with the requirements of the new situation; the pace of reform was not quick enough and some deep problems in economic life have not been thoroughly solved; a considerable number of state-owned enterprises have not effectively transformed their management mechanisms and continue to incur serious business losses due to poor management and poor economic efficiency; and no marked results were achieved in handling the "bottle-neck" problems which constrained economic growth with some becoming even more serious.

This year, reform in the whole country will make advances across the board and breakthroughs will be made in some key areas; economic construction will enter a new development period as the process of establishing the socialist market economic structure will be quickened; and this region will also grasp the opportunity to advance reforms and accelerate development. In his speech, Bai Lichen said: According to the "Decision" adopted by the Third Plenary Session of the 14th CPC Central Committee and the spirit of the national economic work conference, the guideline for this year's

economic work in Ningxia is: Follow the guidance of Comrade Deng Xiaoping's theory about building socialism with Chinese characteristics, profoundly implement the spirit of the Third Plenary Session of the 14th CPC Central Committee and the national economic work conference, further emancipate our minds, advance reforms across the board, expand opening to the outside world, adjust the structure in an intensive way, enhance the economic efficiency, take firm steps to build the basic framework of the socialist market economic structure, and promote the sustained, rapid, and healthy [chi xu kuai su jian kang 2170 4958 1816 6643 0256 1660] development of the region's economy.

The second part of Bai Lichen's speech called for deepening understanding, emancipating the minds, and boosting morale to meet the new opportunities and challenges. When analyzing the favorable and unfavorable impact of the international and domestic situations on this region's reform and development, he pointed out seriously that, apart from being constrained by certain objective conditions, people still lack the sense of market and have not yet emancipated their minds thoroughly. They are still affected by the traditional concepts of the planned economy over a long period of time, so they are slow to react under the new situation and lack a sense of crisis and urgency. This is a major obstacle to our current work. In order to accelerate development, such mental obstacles must be removed; otherwise, we shall not be able to make advances. Only through substantial emancipation of the minds can great developments be made in reform and economic construction. Therefore, it is necessary to adopt the concepts of reform and development, to increase the sense of competition and efficiency, and to adopt the concepts of self-strengthening, self-reliance, and self-development. It is also necessary to be fully aware of the favorable conditions, increase confidence, and boost morale. We must be bold in making advances and we must not hesitate and let opportunities slip. We cannot slow down reform because we are afraid of difficulties and continue to wait; cannot slow down development by holding a negative attitude of complaining about the difficulties; and we cannot see the widening of the gap between this region and other localities by having a parochial and complacent attitude.

In the third part of his speech, Bai Lichen called for intensifying reforms, advancing reforms across the board, making breakthroughs in key areas, and quickening the pace of establishing the socialist market economic structure. He said: This year will witness the adoption of more reform measures than in the past 10 years and more and the breadth, depth, difficulty, and intensity of reform will all be unprecedented. Our main reform task is to further deepen the enterprise reform and more rapidly establish the modern enterprise system. This is a key point and also a difficult point in the economic structural reform of this region. We must take major actions and adopt decisive measures to strive for major breakthroughs. We shall conscientiously reform the financial and taxation system, steadily

advance the banking reform, quicken the reform of the investment system, deepen the reform of the foreign trade system, more quickly establish the social guarantee system, and further advance the price reform. Bai Lichen stressed: When advancing reforms in all fields, it is necessary to properly handle the relationship between reform, development, and stability. We must effectively advance reforms while keeping stability, and, in turn, promote social stability through deepening reform and accelerating development.

The reforms for the establishment of the socialist market economic structure will inevitably produce a major impact on economic development in this region. Therefore, in the fourth part of his speech, Bai Lichen said that we should act positively in compliance with the reform trend, increase the intensity of adjustments according to the actual conditions of this region, sort out our ideas and plans, fix a clear and correct orientation, and effectively shift the economic work to the path of being focused on the enhancement of economic efficiency. First, we should renew our understanding of the conditions of this region, adjust the investment structure, and use the limited financial resources on the projects which will yield the best returns. Second, we should constantly take enhancement of economic efficiency as the central link in our economic work and give top priority to optimizing the structure, strengthening management, and enhancing efficiency. Third, foreign trade should produce effects in nurturing production development so that the Ningxia economy can be linked with the international market. Fourth, new economic growth points should be fostered and the individual and private economies and the township and town enterprises should be developed greatly. Fifth, great efforts should be made to foster and develop the market system and to raise the market-oriented proportion of the economy.

In the fifth part of his speech, Bai Lichen required governments and departments at all levels to transform their functions more intensively and improve their style of work more effectively, thus guaranteeing the sustained, rapid, and healthy development of the economy. In this regard, Bai Lichen stressed three major points: First, it is necessary to quicken the administrative structure reform of the governments in the course of functional transformation. Government functions must be separated from enterprise management and the administrative structure should be streamlined and unified so that higher work efficiency can be achieved. Through reform, we will establish a new administrative structure which is suited to the requirements of the socialist market economy and functions flexibly and efficiently. Second, it is necessary to change the style of work effectively and strive to improve the work quality. Local governments and departments at all levels should overcome seriously the superficial style of saying more than doing, issuing general calls rather than giving concrete guidance, and they should resolutely overcome the bureaucratic and formalistic style in their administrative work. Leaders at all levels should spend more time on

making in-depth investigations and studies in grass-roots units and among the masses and should pay more attention to settling concrete problems in the work. It is necessary to make qualitative and quantitative analyses, find out the position of their own departments in the whole country and find out their shortcomings, work out feasible measures, and adopt the target responsibility system. It is also necessary to bear in mind the overall interests and properly handle the relationship between the overall interests and the local or departmental interests, thus ensuring the smooth implementation of all reform measures. Third, it is necessary to use both hands to grasp the work and to keep both hands tough. At present, it is necessary to use the theory on building socialism with Chinese characteristics to educate cadres and the masses; form the consensus of understanding, supporting, and participating in reform in the whole society; and actually turn the reform measures into the conscious actions of the masses. While concentrating on reform, opening, and economic construction, it is also necessary to attach importance to education, science and technology, culture, public health, family planning, and the work in other fields.

Finally, Bai Lichen said: We are now in a crucial historical period and are facing arduous reform and development tasks. Doing the economic work well this year is of great significance for Ningxia's future development. As long as we further emancipate our minds, seek truth from facts, maintain unity, boldly break new ground, and handle our work in all fields in a down-to-earth manner, then we shall certainly be able to fulfill all tasks; effect the sustained, rapid, and healthy development of the economy in this region; and take new steps in the course of establishing the socialist market economic structure.

#### Ningxia Sees Progress in Rural Areas

HK1502053094 Yinchuan NINGXIA RIBAO in Chinese  
1 Feb 94 p 1

[Report by the Policy Research Office of the Ningxia Regional CPC Committee: "Another Year of Major Advances in Rural Areas—Commenting on Rural Developments in Our Region in 1993"]

[Text] This region scored gratifying achievements in rural economic development in 1993 through replacing the old system with a new one.

In the field of agricultural production, the total grain output hit 2.03 million tonnes, breaching the 2 million-tonne line for the first time, up 11 percent on the previous year. The total output of oil-bearing crops was 63,000 tonnes, up 1.4 percent on the previous year. The total output of sugar-yielding crops was 480,000 tonnes, 30,000 tonnes more than the previous year. The total output of aquatic products was 15,000 tonnes, up 12.5 percent over the previous year. Both the cultivated area for and the output of vegetables and other cash crops increased by a wide margin. The numbers of butchered

pigs, cows, and chickens climbed, and total meat production was greater than in the previous year. The task of afforestation was overfulfilled, and there was a bumper fruit harvest. Gross agricultural output value stood at 3.187 billion yuan, up 6.7 percent over the previous year in terms of comparable items.

Township enterprises gained a robust momentum of growth, with 1993 gross output value likely to reach 2.9 billion yuan, up 36 percent over the previous year. Individually owned and privately owned enterprises grew rapidly, with their workers accounting for 61.4 percent of the total number of workers employed by township enterprises, and their output value accounting for 50 percent of the total output value of township enterprises, so they have become the mainstay of this region's township enterprises.

In 1993, the peasants' per capita net income was 667.04 yuan, an increase of 7.8 percent compared with the previous year.

The year 1993 was a difficult one for the rural economy, and also a year in which party committees and governments at all levels strengthened agriculture and made earnest efforts. To boost agricultural production and increase the peasants' income, the autonomous regional government set up a leading group for rural work to coordinate and strengthen the comprehensive study of rural work. Departments concerned at all levels conscientiously served agricultural production and discontinued unreasonable charges, with the result that the peasants' burden decreased by 6.2 percent across the region as compared with the previous year. Large numbers of cadres at the basic level energetically helped peasants explore ways to prosperity and solve problems arising in the course of agricultural production in every possible way so as to promote rural economic development.

The year 1993 was one in which the market mechanism was strengthened. Most agricultural products were open to market forces, control over the marketing of grain was entirely lifted, and market building was accelerated so that the economic vitality increased noticeably. The region made new progress in developing a highly efficient agriculture that provides greater and better yields. First, the structure of the growing industry was adjusted at a greater pace according to market needs, and the mix of crops, of varieties, and of growing techniques also was improved. The area sown to barley—which is used for brewing beer—and to beans increased 71 and 43 percent, respectively, over the previous year. The area sown to perilla seed, vegetables, asparagus, and artificially cultivated licorice root also was expanded. A total of 169,000 mu of one-tonne-yield-per-mu fields, as well as 22,000 mu of "twin-thousand [shuang qian 7175 0578] fields" were built across the region. The greenhouse area increased to 6,179 mu, with the maximum per-mu value coming to 20,000 yuan. Second, various stereoscopic compound growing models [li ti fu he zhong zhi mo shi 4539 7555 1788 0678 4429 2784 2875 1709] were spread

and became important means of increasing production and income. The stereoscopic compound area sown to grain, oil-bearing crops, sugar-yielding crops, and vegetables—including the area for interplanting wheat with corn—was to the tune of 2.758 million mu across the region. In the irrigated area, the stereoscopic compound growing area constituted 48 percent of the total area sown to crops. In the mountain area, peas were interplanted with potatoes, so that summer crops could be supplemented with fall crops, and vice versa, with the result that the per-mu output value increased by 50 to 80 percent. Third, to meet the market needs, many production bases for superior and quality crops were built up, and an integrated system for production, processing, and marketing was formed. A more dynamic market mechanism greatly adjusted peasants' operational behavior and fluctuations in the prices of agricultural products told them they must choose efficient products and trades. This was an important reason for the increase in peasants' income last year.

The year 1993 was one in which the rural economy and society developed hand in hand. Since the beginning of last year, another 13 central market towns have been built or reformed, and a total of 87 million yuan has been spent on the construction of market towns. The area of newly built housing in rural areas totaled 1.25 square meters, and the quality and functions of housing were greatly improved.

In 1994, the rural areas will face new opportunities and challenges. The major reform measures taken by the state with regard to finance, taxation, banking, investment, foreign trade, and state enterprises will give an enormous impetus to agricultural production and the rural economy, but they also will entail some undesirable effects, owing to the great adjustment in interest relationships. Therefore, we must effect a strategic change in our guiding principle for rural work in order to meet the needs of the new situation. We must make setting up a market economy system our goal, focus on increasing peasants' income, accelerate rural reforms, and adjust the setup of production in rural areas at a greater pace. Organizations at all levels must seize the opportunity, make concerted efforts, and continue to clear the way to forge ahead to add new luster to rural areas across the region.

**Qinghai Finance Director Views New Tax System**  
HK0902112794 Xining QINGHAI RIBAO in Chinese  
16 Jan 94 p 2

[Report of interview with Zhao Leji, director of Qinghai Provincial Finance Department, by staff reporter Zuo Xiling (1563 6007 3781): "Our Countermeasures Under the New Tax System"]

[Text] The State Council has decided that a tax sharing management system is to be fully implemented throughout the country as of 1 January this year. This important transformation in the financial distribution

system will undoubtedly bring about new changes in our province's financial distribution structure and produce great impact on our province's economic development. For this reason, this reporter recently interviewed Comrade Zhao Leji, our provincial finance department director.

This reporter has learned from Director Zhao's briefing that, in the long run, with the implementation of the tax sharing financial system, the financial capacity of the central authorities will be strengthened and able to regulate financial distribution among various localities, optimizing resource disposition to gradually narrow the gaps between various localities in terms of economic and social development. However, a fairly long period of time will be needed. According to the principle of structural reform characterized by separating the system from difficulties and giving priority to ensure the smooth promulgation of the new economic system, in establishing the tax sharing financial management system involving the central authorities and localities, no special consideration has been given to our province as a region of minority nationalities. It is obvious that we are encountering financial difficulties.

Although the tax system reform has not increased the tax loads of enterprises in our province as a whole, our province has faced greater challenge in the competition in the unified market of the whole country because the level of economic efficiency of enterprises in our province is generally low. In this connection, Zhao Leji maintained that our province must adopt the following relevant countermeasures:

We must be firm and unshakable in developing the economy. Value-added tax is our province's major source of financial income. According to the new tax system reform, the central authorities will get 75 percent of the tax. Value-added tax is a general tax category. As long as our economy has been developed, we can get 25 percent of the tax. If we add the 30 percent rebates from the amount of tax increase to this, we can get about 40 percent returns. The tax income rebates which the central authorities give to various localities will definitely be linked to the growth of the value-added tax and consumption tax of the whole country according to a certain coefficient. It is obvious that, as long as we are firm and unshakable in promoting economic development, the central authorities can get more and so can we. This is the only way out for our province to extricate itself from its financial predicament.

We must regulate our ideas on development and cultivate local financial resources. With the implementation of the tax sharing system, the structure of our province's financial resources will also change. This new setup will definitely have an impact on the growth of our province's local financial resources and also play a role in guiding our province's economic development. Under the prerequisite of conforming with the state industrial policy, the focus of augmenting our province's financial resources should be shifted to the vigorous development

of those trades and products which are directly connected with our local financial resources. We should pay attention to devoting our limited funds to projects and links which have obvious efficiency and can increase local financial incomes to expand Qinghai's local financial capacity. According to the new tax system, the resource tax on the majority of items is regarded as local income. Our province is rich in natural resources and we must fully exploit this strong point. We must promote the exploitation of our natural resources such as hydropower, salt lakes, petroleum, natural gas, metals, mineral products, and asbestos mines. Business tax and income tax from local enterprises are the main sources of local revenues. We must vigorously develop our tertiary industry, speed up the pace of reform and opening up, fully combine the importing of advanced technology with internal economic connections, and develop non-government-owned economic sectors, including collective, individual, private, and joint-stock enterprises. Our tertiary industry has very great potential and we have bright prospects for developing our financial resources.

We must try in every possible way to increase economic efficiency in our state-owned enterprises. According to the tax sharing system, localities will have their own due shares. The purpose in doing so is to encourage localities to enhance economic efficiency in state-owned enterprises. However, in our province one-third of our state-owned enterprises obviously lose money in business, one-third losing money latently, and only one-third is truly making profit. Although the tax loads of our state-owned enterprises have not yet become heavier as a result of the implementation of the tax sharing system, various systems have been strictly standardized, including those governing enterprise tax, tax reduction and exemption, repayment of investment loans, income distribution, and so on. The majority of state-owned enterprises in our province cannot adapt themselves to such changes. In particular, they are facing a big challenge in the unified markets of the whole country and in the great environment of fair competition. To enhance enterprise efficiency under the new financial system, we must, at least, grasp the following focal points: First, we must develop a sense of efficiency. The economic work focus of local governments is to grasp enhancement of enterprise efficiency. Efficiency should mainly be regarded as a yardstick for examining enterprise achievements. Second, we must enhance the efficiency of scale (gui mo xiao yi 6016 2875 2400 4135) and establish a base for efficiency resources to develop a structure of group-type financial resources (xing cheng ji tuan xing de cai yuan ti xi 1748 2054 7162 097 0992 4104 2088 3293 7555 4762) to promote development of scale, management of scale, expansion of scale, and enhance enterprise competitiveness in market competition. Third, we must establish supervisory mechanisms for financial resources and examine the efficiency of financial resources at all levels. Fourth, we must establish a modern enterprise system to invigorate our state-owned enterprises and gradually relieve the state of its unlimited responsibilities for enterprises.

We must transform government functions, speed up socialized management, and provide excellent services. With the implementation of the tax sharing system, on the basis of defining the control powers of the central government, it is necessary to further define the control powers of local governments. In other words, trades and projects which are closely connected with the development of the local social economy and undertakings should be independently developed by local governments. This can clearly show the direction for speeding up the changeover of local government functions. Local governments must firmly seize on this favorable opportunity to switch from directly running enterprises and commanding their production and business operations activities to strengthening social management and basic facilities projects and providing still better services for the operations of enterprises to create an environment which is more beneficial to macroscopic economic environment.

Comrade Zhao Leji also pointed out that apart from relying on ourselves to increase incomes considerably, strictly exercise control over expenditure, and solve some difficulties, the key lay in striving for the help of the central authorities, so that when they are establishing a system which governs the transfer of payment system they will fully consider Qinghai's difficulties and give our province the necessary support.

#### Qinghai Discusses Balancing Economic Interests HK1002101694 Xining QINGHAI RIBAO in Chinese 12 Jan 94 p 3

[Article by Ma Hongbo (7456 3163 3134): "Handle Well Relations Between Central Administration and Localities in Economic Development"]

[Text] Since the Third Plenary Session of the 11th CPC Central Committee, our reform has been progressing along the lines of "delegating power and yielding profits" [fang quan rang li 2397 2938 6245 0448]. The central administration and the localities have separated their management functions, and localities have expanded their competence in terms of finance, capital, investments and foreign trade. With the implementation of the policy enabling localities to be responsible for their finances, namely "dividing revenue and expenditure between the central administration and localities, and holding each responsible for balancing their budgets," the previous practice of "eating from the same kitchen" has been changed into "eating from separate kitchens." This has embodied the idea exactly. The expansion of localities' economic competence has aroused their enthusiasm for developing the economy, and has changed the situation in which local economic development and structural adjustment are completely controlled by the central mandatory plans and incremental investments [zeng liang tou zi 1073 6852 2121 6327]. This has changed the passive state of localities having to wait for, rely on and look to the central administration to promote local construction. All this has promoted local

economic development in an unprecedented fashion, and has set off an upsurge of construction the like of which never occurred in the past.

However, owing to the fact that when the central administration "delegates power and yields profits," when macroscopic constraint mechanisms, and a system to govern interest relationships has not been established, various localities' responsibilities do not conform with their power and interests. Under such circumstances, localities were prompted to distort price signals, and maximize their interests. They vied with one another to invest in high-price and huge-profit processing industries. They repeatedly imported items and carried out construction projects one after another. This happened everywhere. As a result, the proportion of the processing industry in the total output value of industrial production increased from 38.1 percent in 1982 to 43.9 percent in 1988. In recent years, although the central administration has strengthened its regulation and control to a certain extent, the changes in proportion have not yet proved ideal. Consequently, areas producing resources and are separated from processing zones, and various areas have developed the same kind of operational setups. The local industrial structure situation was tending toward the same pattern became increasingly serious. This triggered off local economic frictions and coincident market fluctuations. There occurred an "economy of feudal princes" [zhu hou jing ji 6175 0186 4842 3444], characterized by scrambling for natural resources and imposing trade blockades on one another. Thus the efficiency of natural resource disposition was greatly reduced. In addition, the central administration had increasingly weaker capability in concentrating its financial and material resources, but its burdens were very heavy. It was unable to invest in basic facilities projects, which needed huge amounts of investment and longer periods of time for completion. The development of basic industries and infrastructure projects—including energy, raw and processed materials, communications and transportation, and so on—lagged far behind the development of processing industry. This aggravated the imbalanced structure of supply and demand in the national economy. In particular, our railways, which undertake the main transport task, were heavily overloaded to maintain a normal transport situation.

It is obvious that the deep root of these chaotic phenomena in the sustained development of the national economy, and the increasingly serious conflicts among energy, raw and processed materials, and processing industry, in particular, lies in improper handling of the relations between the central administration and localities. So what is to be done? Should we return to the previous traditional system, in which the central administration exercised rigid control over the localities? Or take a laissez-faire attitude toward the present situation? In his "On the Ten Major Relationships," Comrade Mao Zedong said: To build a powerful socialist country, it is imperative to have a strong and unified central leadership, and unified planning and discipline throughout the

country. Disruption of this indispensable unity is impermissible. At the same time, it is essential to bring the initiative of local authorities into full play, and to let each locality enjoy what is particularly suited to its local conditions. Since the differences between various localities in China in terms of natural, social, and cultural conditions, and the level of economic development are so great, it is impossible to demand conformity in everything. There is obviously a dualistic structure in the coastal area, the interior, the southeast, the northwest, in urban and rural areas, and developed and backward regions. Furthermore, our commodity economy and domestic markets are not developed, and the proportions of natural and seminatural economies still are fairly high. This has decided that we need a unified planning and program to organize local economic operations effectively. In the meantime, we must not neglect regional differences that objectively exist, or the local interests caused by such differences.

Therefore, in the process of deepening our reforms in the future, we must handle well the relationship between the central administration and the localities. On the one hand, we must continue to arouse the enthusiasm of localities for economic development and must maintain their economic vigor. On the other hand, while further transforming enterprise operational mechanisms and cultivating the market system in order to strengthen local economic capabilities, the central administration will increase the weight of macroeconomic regulation and control, with emphasis on finance, tax, monetary matters, investments, the planning system, and so on, so as to prevent anarchy in economic operations, or an economy of feudal princes.

#### Xinjiang Secretary Addresses Plenary Session

OW1002045794 Urumqi XINJIANG RIBAO in Chinese  
26 Jan 94 pp 1, 3

[**"Regional Party Committee's Enlarged Meeting Comes to Successful End—Calling for Emancipating Minds To Accelerate Pace of Reform and Opening-up and To Achieve High Growth Rate in High Pioneering Spirit"**]

[**Excerpts**] The sixth (enlarged) plenary session of the fourth regional party committee ended yesterday afternoon. The session called on party organizations at various levels, Communist Party members, and the people of various nationalities across the region, guided by Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics and led by the party Central Committee with Comrade Jiang Zemin as the core, to bestir themselves, work hard for the prosperity of the country, advance in a pioneering spirit, and strive to accomplish the strategic objectives set by the 14th party congress and the Third Plenary Session of the party's 14th Central Committee and to carry out the tasks of reform and development set by the regional party committee for this year.

Abulaiti Amudurexit, deputy secretary of the regional party committee and acting chairman of the region, presided over yesterday afternoon's meeting. Song Hanliang, secretary of the regional party committee, made a concluding speech. [passage omitted]

In his speech, Song Hanliang stressed: To further promote Xinjiang's reform and development, the most crucial thing is to emancipate our minds and seek truth from facts. In recent years, Xinjiang's economy has developed rather fast. But compared with other parts of the country, especially some coastal and inland provinces and regions, our growth rate is far behind theirs, and the gap between our region and those provinces and regions continues to widen. Objectively speaking, Xinjiang had a poor foundation to start with, and another important reason is that it is far away from economic centers and developed areas. However, the most crucial matter remaining is that we have not sufficiently emancipated our minds. So the biggest gap is a gap in conception [guan nian shang de cha ju 6034 1819 0006 4104 1567 6415]. First, some of our comrades have yet to ideologically solve the question of whether a move is "socialist" or "capitalist." It can be said that they still have "doubts and misgivings in mind." When they are faced with a matter, they still ask themselves first "which course to take." Some other comrades have seemed to free themselves from the trammels of whether a move is "socialist" or "capitalist," but they have a "lingering fear"—glancing about, they are afraid of "taking risks" and of "changes." They just cannot stride forward. Second, our region has been deeply fettered and influenced by the traditional structure of planned economy for a long time, and some of our comrades are still ideologically shackled by the old concept of planned economy. Third, the traditional, self-sufficient oasis economy has given rise to an ingrained sense of isolation, complacency, and conservatism among people. As a result, they lack the idea of opening to the outside world and the spirit of forging ahead. Fourth, as an autonomous region inhabited by minority nationalities, Xinjiang must consider its own characteristics in carrying out reform and development, which is undoubtedly correct. This is also a matter we must always pay close attention to. But "the theory of a minority region being special" is incorrect. When touching on reform, some comrades always stress the "special conditions" in the region and warn against taking big strides. They want to do things slowly and hope to receive more special consideration. When touching on changing ideas, they stress objectivity and history; they dare not to boldly break away from old or outworn ideas. [passage omitted]

Song Hanliang emphasized: The party's basic line means "one central task and two basic points." The key to implementing the party's basic line in an all-round way lies in unswervingly carrying out economic construction as the central task. Because our region has been deeply fettered and influenced by the traditional structure of planned economy for a long time, some of our comrades are still ideologically shackled by the old concept of

planned economy. Although given a good opportunity to carry out reforms and open to the outside world, some comrades have failed to seize the opportunity and to boldly try things out and develop themselves; they are still keen on seeking ways to get help and let slip a golden opportunity. Putting fear before everything else, some cadres are just used to being an official in a tranquil environment and living a peaceful life. They not only do not do but even dare not think about what is not said in a book or official document or by a leader, or what is not done by others. In a word, they are afraid of touching on "capitalism." Still some other comrades always complain about the macroenvironment and the macroclimate although they have yet to clean out the silt (yu ji 3226 4480) in the depths of their hearts. As a matter of fact, to boldly carry out reforms and open to the outside world, it is very important for us to untie, surpass, and liberate ourselves. For what we regard as correct, we should not wait, delay, or depend on others but resolutely do it. When we are not sure for the time being whether we can succeed in doing something, we also should not wait, delay, or depend on others but explore and try it boldly. The basic criterion for judging whether a move is "socialist" or "capitalist" is whether or not it is conducive to developing the productive forces of socialist society, increasing the overall strength of the socialist country, and improving the people's living standards. Only by honestly admitting that we are ideologically behind, only by further emancipating our minds, and only by breaking ideological shackles will we be able to strike forward in carrying out reform and opening to the outside world. Only by so doing will we be able to make rapid economic developments with high efficiency.

To implement the "decision" [adopted by the plenary session], it is crucial to have a good mentality, to improve our work style and efficiency, and to create a fast-paced, highly efficient work environment for reform, opening-up, and economic development. Conditions in Xinjiang are different from those in developed coastal areas, and conditions vary from prefecture to prefecture even in the autonomous region. So we should not indiscriminately copy instructions from higher levels [bu neng zhao ban zhao chao shang ji zhi shi 0008 5174 3564 2239 3564 2113 0006 4787 2172 4355] and experiences from other areas. We must grasp what the instructions from higher levels really mean as well as the conditions at lower levels, and do our work creatively according to actual conditions. We should not stress conditions only, nor should we disregard such conditions. We should suit measures to local conditions and give specific guidance. Doing away with the practice of idle talk, we should concentrate our energies on our work; we should make more time for study and engage in as little socializing as possible. We should do more research and investigation and refrain from subjectivism; we should do more practical work and less empty talk. The masses have a potentially inexhaustible enthusiasm for socialism and potentially inexhaustible creativity, which are waiting for us to guide and develop.

Leaders at various levels should go deep into the realities of life and immerse themselves among the masses to acquaint themselves with new conditions and problems arising in reform and construction; they should sum up and popularize new creations and experiences made by the masses;

and they should unite and lead the masses of various nationalities in carrying out reforms, building enterprises through arduous effort, and implementing the guidelines and the "decision" adopted by the sixth (enlarged) plenary session of the fourth regional party committee.

**Article Views Talks Between ARATS, SEF Heads**  
**HK1002061294 Beijing RENMIN RIBAO OVERSEAS**  
**EDITION in Chinese 7 Feb 94 p 5**

[By Yao Xiaomin (1202 1420 2404), Han Zhuping (7281 4376 1627): "Usher in a New Situation for Work Consultations—A Spring Festival Gift to Compatriots on Both Sides of Taiwan Strait"]

[Text] Plum blossoms herald the spring. On the eve of the Chinese New Year, a traditional festival of the Chinese nation, the fact that great progress was made and several common consensuses were reached in the talks between the heads of the Association for Relations Across the Straits [ARATS] and the Straits Exchange Foundation [SEF] in Beijing has brought a meaningful spring-festival gift to compatriots on the two sides of the Taiwan Strait.

Following the Wang-Koo talks, ARATS and SEF held three rounds of talks on routine affairs in Beijing, Xiamen, and Taipei. This time, ARATS Executive Vice President Tang Shubei, and Zou Zhekai, vice president and secretary general, held frank and wide-ranging consultations with Chiao Jen-ho, SEF vice chairman and secretary general, on the work and routine affairs of the two organizations and on related issues. During consultations, the two sides maintained that they should avoid political issues with pragmatic attitudes. They discussed three routine topics which included the repatriation of personnel entering each other's territory in violation of relevant provisions and other related issues, and they reached a high degree of consensus. They agreed that the fourth round of consultations on routine affairs will be held in Beijing and unanimously agreed that in the fourth round, they will exchange views or hold consultations on a number of economic, scientific, and technological topics as listed in the common agreement at the Wang-Koo talks. We can say that with their concerted efforts this time, some differences in previous routine affairs consultations between ARATS and SEF have been resolved, to a considerable extent, laying the groundwork for the routine affairs consultations next time. Mr. Chiao Jen-ho said: "This is conducive to the ties and cooperation between ARATS and SEF in the future and conducive to promoting the virtuous and interactive development of relations between the two sides of the Strait."

The talks this time lasted for five days and were very fruitful. The experience of the talks this time and the preceding rounds of consultations gives us these inspirations:

First, for routine affairs consultations, we should insist on the nongovernmental role of ARATS and SEF. Their major functions are to handle specific routine problems arising from contacts and exchanges between the two sides of the Strait. The two organizations, whose roles are clearly specified in their own articles, are officially empowered nongovernmental bodies. Having a good understanding of this, one does not need to attach too

much political significance to the contacts and consultations between the organizations.

One still recalls that at last year's Wang-Koo talks in Singapore, the two sides of the Straits stressed ARATS's and SEF's nongovernmental and economic nature, their being limited to handling routine affairs, and their functionality. Precisely because the two sides adhered to this pragmatic spirit, the Wang-Koo talks were a complete success. In the wake of the Wang-Koo talks, some people in Taiwan argued that they gave prominence to the fact that "the two sides of the Strait are divided and ruled separately, and are on an equal footing." These irresponsible remarks which did not tell the truth about the facts have made the just-begun routine affairs consultations between ARATS and SEF more complicated and more politicized and are, at a time when the political differences between the two sides of the Straits have not been resolved today, nonconducive to promoting the building up of mutual trust between ARATS and SEF and between the two sides of the Straits, and nonconducive to the smooth development of relations between the two sides of the Straits.

At the consultations this time, the two sides reached a common consensus on adhering to the nongovernmental nature of the routine affairs consultations between ARATS and SEF and avoiding sensitive political issues. This is objective and pragmatic and will play a positive role in the implementation of the various agreements reached at the Wang-Koo talks and in future consultations on routine affairs topics.

Second, keeping the linking channels between ARATS and SEF unblocked is an important means for the two sides of the Straits to improve understanding and strengthen mutual trust. The two sides of the Straits have been separated for a very long time, and their differences have deepened. The establishment of a systemized linking and communication channel will undoubtedly help alleviate their differences and clear up their misunderstandings, "erecting a bridge of friendship and paving a road to success" for the development of relations between the two sides of the Straits.

One important achievement at the Wang-Koo talks was the signing of an agreement on the system of ties and talks between the two sides of the Straits. The function and obligation of ARATS and SEF are to implement the agreement loyally. Over the past year, ARATS has been positive and serious about implementing the agreement. Last November, in order to strictly implement the provision in the agreement that the secretaries general or vice presidents of ARATS and SEF have one meeting every six months, ARATS took the initiative to write to SEF, inviting Mr. Chiao Jen-ho to Beijing for a meeting. Afterward, they went through a tortuous course: Tang Shubei could not make a trip to Taiwan for some reason on the Taiwan side, and Mr. Chiao "had to reconsider whether or not he would have to postpone" his trip to

Beijing. Therefore, the talks this time did not begin with ease, and the achievements made should be cherished doubly.

Meeting with Mr. Jen-ho Chiao, Director Wang Zhaoguo said: "Although ARATS and SEF are nongovernmental organizations, their good or bad cooperation can often reflect the development of relations between the two sides of the Strait. Despite the fact that the two sides of the Strait still have political differences, it is very important to establish a channel of communication on issues of routine affairs." This affirms the function and significance of keeping the linking channel unblocked between the two organizations from a higher and wider field of vision. Based on this, we maintain that, on the one hand, the two sides should strictly abide by the relevant agreements and continue to keep the linking and communication channel, unblocked between the two organizations, and that, on the other hand, it is of course good if the two sides can reach agreement or consensus at each round of consultations, and if they fail, they should not be disappointed because there is hope and there will be achievements as long as they come into contact.

The saying runs: One makes plans in the spring. The talks this time was the first consultations between the heads of the two organizations following the Wang-Koo talks as well as their first contact and consultations in 1994. The success of the talks is a good beginning for ties and cooperation between the two organizations and for various routine affairs consultations between them for this year. Compatriots on the two sides of the Straits look forward to the earliest possible implementation of the important consensuses reached at the talks in their consultations and relevant agreements.

#### 'Letter' Wishes 'Tang-Chiao Talks' Success

HK1502012094 Beijing LIAOWANG in Chinese No 5, 31 Jan 94 p 63

[Letter From Beijing" by Bao Xin (7637 0207): "Hoping the 'Tang-Chiao Talks' Will Be Fruitful"]

[Text] Brother:

This year's spring festival will arrive soon. On this traditional festival of the Chinese nation for reunion, Chiao Jen-ho, Taiwan's Straits Exchange Foundation [SEF] vice chairman and concurrently its secretary-general, and his entourage have arrived in Beijing; their arrival has added a propitious atmosphere for national reunion in the capital.

The current meeting is the first between high-ranking responsible persons of the nongovernment organizations separately authorized by Taiwan and the mainland since Chiao Jen-ho was transferred from being Taiwan "Mainland Affairs Council deputy director" to the office of SEF vice chairman and concurrently its secretary-general, and since the Wang-Koo talks held in Singapore

in late April last year. Some ups and downs took place before the current meeting, which is finally to be held, which is most comforting.

According to the "Accord on Institutions of Association for Relations Across the Taiwan Strait [ARATS]-SEF Contacts and Talks" reached during the Wang-Koo talks, "the ARATS acting vice chairman and SEF deputy vice chairman, or the two organizations' secretaries-general will conduct talks on routine affairs every six months in principle, on each shore on a rotating basis, or in a negotiated third place." To implement this accord, the mainland has exerted unremitting efforts. With the reshuffling of SEF high-ranking personnel, ARATS acting vice chairman Tang Shubei and its secretary-general Zhou Zhekai sent a congratulatory cable to Chiao Jen-ho, who had just taken up the office of SEF vice chairman and concurrently its secretary-general, and invited him to visit Beijing to negotiate routine affairs of the two organizations.

In early December last year, when Chiao Jen-ho first took office as SEF vice chairman and concurrently its secretary-general, he stated that "the tenure of secretary-general is three years, and I hope that some achievements will be scored." According to the spirit of the accord of the Wang-Koo talks on regular reciprocal visits between the two organizations, Chiao Jen-ho decided to set Taipei as the place for the third ARATS-SEF work negotiations; at the same time, he twice invited ARATS Acting Vice Chairman Tang Shubei to visit Taiwan. Although no accord was reached during the Taipei ARATS-SEF talks, results of a certain stage were scored, and laid a foundation for work negotiations from now on. Regrettably, a precondition of Chiao Jen-ho's invitation to Tang Shubei to visit Taiwan was that an accord should be reached in the Taipei talks; consequently, the purpose of the trip was not fulfilled. Even so, when Chiao Jen-ho expressed the hope that he would visit Beijing to meet ARATS Acting Vice Chairman Tang Shubei when the Taipei talks had just concluded, the mainland side expressed its consent, taking into consideration the overall situation of cross-strait relations.

Just when the ARATS and the SEF had officially settled that the "Tang-Chiao talks" were to be held in Beijing in late January, the Taiwan "Mainland Affairs Council" raised unexpected trouble, saying that the signing of a joint communiqué by China and France in which France pledged that it would no longer sell weapons to Taiwan, and China's restoring diplomatic relations with Lesotho were "various unfriendly actions" by the mainland toward Taiwan, and stated that it would "reassess" the "Tang-Chiao talks." For a while, there was an uproar in Taiwan public opinion. Under pressure from the people, the Taiwan "Mainland Affairs Council" made another decision to authorize Chiao Jen-ho to go to Beijing to talk with Tang Shubei, and thus the storm was pacified.

The ups and downs of the "Tang-Chiao talks" gave people much food for thought. To my mind, mutual trust is today still not on the horizon in cross-strait relations;

and one of the important causes is that there have been insufficient ties between them, especially comparatively high-ranking exchanges. In the "Accord on Institutions for ARATS-SEF Contacts and Talks," meetings of ARATS and SEF responsible persons of various levels are stipulated. However, it is not very easy to implement the accord, which more often than not is subjected to interference from artificial factors.

At the press conference held at the conclusion of the third session of the first council of the association for cross-strait relations last 13 January, a reporter asked ARATS Chairman Wang Daohan what his deepest experience had been during his two years in office as ARATS chairman. He answered: Taiwan and the mainland should augment ties and exchanges; constant contacts and ties between high-ranking responsible persons would be helpful to removing misunderstanding while deepening understanding, expanding common understanding, and pushing forward the sound mutual development of cross-strait relations. Wang Daohan's experience reflected the universal aspirations of people on the two shores as well as his expectations on augmenting the contacts and ties between the ARATS and the SEF, these two authorized nongovernment organizations.

At present, the regular, institutionalized ARATS-SEF ties and contacts are just a beginning. A good beginning means something is half done. It is expected that during the new year, the cooperation between the ARATS and the SEF, these two authorized nongovernment organizations, will take on a new atmosphere, with still greater progress in the comprehensive implementation of the accord of the Wang-Koo talks, especially in augmenting cross-strait economic exchanges and economic and trade cooperation. We sincerely hope that the "Tang-Chiao talks," the first round of talks between responsible persons since the Wang-Koo talks, will score positive results.

Best regards,

[Signed] Bao Xin

[Dated] 25 January

#### Mainland, Taiwan To Cooperate in Oil Exploitation

HK1502150294 Beijing RENMIN RIBAO in Chinese 8 Feb 94 p 4

[Report by Fei Wei Wei (6316 0251 0251) and Yu Man (0151 2581): "Cross-Strait Understanding Reached on the Joint Exploitation of Offshore Oil Resources"]

[Text] "The two sides of the Taiwan Strait should begin their economic cooperation in the area of offshore oil resources. They should choose the forms and areas of cooperation they agree on and start cooperation in various activities related to offshore oil resources as soon as possible." This was the strong wish expressed by the

members of the delegation of the China Technology Service Association during their mainland trip. The association's primary member is the Taiwan China Petroleum Company.

Chen Bingqian, vice president of the China National Offshore Oil Corporation, told the delegation that for many years the mainland has hoped that Taiwan's petroleum industry would participate in the mainland's offshore oil prospecting and exploitation activities. He also praised the delegation's trip as a good beginning for and a successful step toward cooperation in oil resources between the two sides of the Taiwan Strait.

The delegation is visiting at the invitation of the China National Offshore Oil Corporation. It arrived in Beijing on 6 January and will return to Taiwan on 5 February.

#### Guangzhou Official Views Introduction of Taiwan Capital

HK1502150094 Beijing ZHONGGUO XINWEN SHE in English 1148 GMT 15 Feb 94

[Text] Guangzhou, February 15 (CNS)—Deputy Director of the Guangzhou Municipal Taiwan Affairs Office, Mr. He Jiaxin, speaking in an interview with this agency, said that Guangzhou Municipality would further enlarge its economic cooperation and exchanges with Taiwan.

According to Mr. He, Guangzhou, capital of Guangdong Province, now has 673 Taiwan-funded enterprises and 277 enterprises invested in by people who have relatives in the island and of these enterprises, 10 each have investment of U.S.\$10 million and 90 percent of these enterprises are earning profits. The newly-set-up enterprises of this kind have their businesses shifting away from simple shoe-making into light industry, chemical industry, electronics, textiles, machinery, real estate and domestic animal-breeding.

Mr. He said that the new tax system starting to be implemented this year would pose no bad influence to Taiwan businessmen's earnings in the city and the city's favorable policies set for them remained unchanged. Moreover, the city would continue to improve its services to them.

Mr. He held that though much effort was being made in the introduction of funds from Taiwan, the city was backward in this sector compared with the Yangtze River delta area. The city would, therefore, grasp the present opportunity, make every effort to improve the environment for investment and find new ways for making greater progress in the introduction of capital from the island.

Mr. He revealed that the city would engage in four main activities in this sector. First, it will convene a meeting on Taiwan-related economy and trade. Second, it will invite a batch of Taiwan compatriots to take part in the Litchi Festival to be held in the city. Third, it will send a

delegation of entrepreneurs from the city to visit Taiwan and fourth, it will invite big financial groups, famous

entrepreneurs and personnel from economic circles in the island to pay inspection visits to the city.

**Economics Minister Views U.S.-Japanese Trade Strains**

*OW1602083094 Taipei CNA in English 0702 GMT  
16 Feb 94*

[By Debbie Kuo]

[Text] Taipei, Feb. 16 (CNA)—Taiwan will not be adversely affected by a collapse in trade talks between the United States and Japan, Economics Minister P.K. Chiang said Wednesday [16 February].

As a matter of fact, Chiang said, Taiwan might end up benefiting from the appreciating Japanese yen and eventually increase its exports of semi-finished products and spare parts to Japan.

In the wake of collapsed trade talks with Japan, the Clinton administration is taking steps to impose trade sanctions against the Japanese.

Chiang said Japanese-made cellular phones could be the first victim in a string of US trade actions against Japan as the Clinton administration seeks ways to reduce a trade deficit with Japan that soared 20 percent last year to nearly US\$60 billion.

As the yen soars, Chiang said, the Japanese manufacturers will be forced to increase imports of semi-finished products and parts to cut production costs. Such a move would bring more orders for Taiwan exporters, he added.

Chiang warned, however, that many Taiwan manufacturers will suffer from the yen's appreciation because of their heavy dependence on Japanese parts and components.

**DPP Supports President Li Teng-hui's Southeast Asian Tour**

*OW1602082794 Taipei CNA in English 0707 GMT  
16 Feb 94*

[By Y. C. Tsai]

[Text] Taipei, Feb. 16 (CNA)—President Li Teng-hui's current trip to Southeast Asia has won recognition from the opposition Democratic Progressive Party (DPP).

Li, who started the unofficial visit on Feb. 9, is scheduled to return to Taipei late Wednesday. He has met with Philippine President Fidel Ramos, Indonesian President Suharto, and Thailand's Prime Minister Chuan Likphai during the three-country tour.

H.I. Lu, chief of the DPP caucus at the Legislative Yuan, said Wednesday that the president's tour certainly has had a positive impact on both Taiwan's international relations and economic policy toward Southeast Asian nations.

The government has been promoting its "southern strategy" to encourage Taiwan manufacturers to increase investments in Vietnam and member countries of the

Association of Southeast Asian Nations, which groups Thailand, Malaysia, Singapore, Indonesia, the Philippines, and Brunei.

"The DPP is positive toward Li's efforts in strengthening Taiwan's external relations and in helping Taiwan investors find more investment channels," Lu noted.

The DPP lawmaker, however, pointed out that the president alone should not dominate Taiwan's foreign affairs. Foreign relations should be the common responsibility of both ruling and opposition parties, he said.

**Trade With Southeast Asia Shows 'Dramatic Increase'**

*OW1502143194 Taipei CNA in English 1253 GMT  
15 Feb 94*

[Text] Taipei, Feb. 15 (CNA)—Trade between Taiwan and five members of the Association of Southeast Asian nations (ASEAN) and Vietnam showed a dramatic increase last year, according to statistics compiled by Taiwan's Ministry of Finance.

The statistics showed that Taiwan's trade with Indonesia, Malaysia, Singapore, Thailand, the Philippines and Vietnam reached US\$16.3 billion in 1993.

Exports to the six nations registered a \$9.38 billion in 1993, or 11.05 percent of Taiwan's total exports, while imports from the group totaled [figure indistinct] million, or 8.98 percent of Taiwan's total imports.

Singapore was Taiwan's fifth largest trading partner in 1993, behind the United States, Hong Kong, Japan and Germany. Exports to Singapore totaled US [words indistinct] last year, up 1.9 percent from the previous year while imports were up 10.1 percent to US\$1.6 billion.

Thailand was Taiwan's eighth largest trading partner, according to the statistics. Exports to Thailand totaled US\$2.01 billion in [word indistinct] up 81.5 percent while imports totaled US\$9.05 million, up 180 percent [figure as received] from the previous year.

Malaysia came in ninth statistics showed. Imports from the country totaled [figure indistinct] billion, up 4.4 percent from 1992, while exports were up 6 percent to reach US\$1.93 billion.

Indonesia was Taiwan's 12th largest trading partner with exports totaling US\$1.28 billion, up 5.7 percent, and imports totaling US\$1.62 billion, up 15.6 percent from 1992, the statistics revealed.

The Philippines came in 15th, with Taiwan's exports totaling US\$92.03 billion, up 0.7 percent from the previous year, the imports reached US\$360 million, up 19.5 percent from 1992.

As to Vietnam, exports to the country totaled US\$500 [word indistinct] in 1993 while imports totaled US\$150 million, the statistics showed.

Officials said that although the United States, Japan and Hong Kong remained Taiwan's major trading partners in 1993, Taiwan [words indistinct] with the five ASEAN nations and Vietnam registered largely double-digit growth during the year.

Judging from the trend, [words indistinct] Taiwan's policy to focus on investment in the region will succeed, they added.

### Hong Kong

#### China Still Sees Problems in Airport Funding Program

HK1602072494 Hong Kong RTHK Radio Four in English 0500 GMT 16 Feb 94

[Text] China says that there are still problems over the latest funding package for the new airport. The Chinese team leader of the Joint Liason Group, Guo Fengmin, says Beijing has studied the fourth financial package but it needs to discuss the remaining problems with the Hong Kong Government. The latest package implies that the government will inject equity worth about 60,000 million dollars into the project. However, Mr Guo refused to say whether the problems relate to the size of the government's equity injection. He added that the Sino-British Airport Committee would discuss the land to be granted along the airport rail link and he hoped that the committee could meet soon.

#### Patten Attacks Asian Opposition to Human Rights, Democracy

PM1502152494 London THE DAILY TELEGRAPH in English 15 Feb 94 p 11

[Report by Graham Hutchings in Hong Kong: "Patten Hits at Asian Leaders Who Oppose Democracy"]

[Text] The Governor of Hong Kong, Mr Chris Patten, stepped up his battle with Beijing yesterday by attacking opponents of democracy and human rights in Asia.

Mr Patten said the view that democracy was unsuited to Asian societies was patronising and racist. He also described communism as "wicked" and "a failure".

His remarks will infuriate Beijing, which opposes his plans for democratic reform in Hong Kong.

Mr Patten, who is visiting Sydney, asked in a speech: "Are some Asian leaders really prepared to argue that respect for human dignity is an exclusively European or North American or Australian concept?"

"I don't believe for a moment that human rights stop at the borders of Asia, and nor, I believe, do most Asians".

"If you argued outside Asia that human rights weren't really appropriate for Asians, or for Latin Americans or for Africans, that would rightly be regarded as a deeply patronising argument—not to say a racist one."

On Sunday, Mr Patten told reporters he would not be using his visit to Australia to canvass support for his political reform plans. He was mainly concerned to promote trade and investment.

But following yesterday's remarks, China will see the visit as another attempt to internationalise an issue it believes should remain a strictly bilateral affair between London and Beijing.

More to the point, it will regard the Governor's speech as an attack on its own human rights position, which was restated in yesterday's Communist Party newspaper, People's Daily.

The paper accused foreign critics of trying to impose alien values on China, and of failing to live up to their own lofty standards at home. All factors should be taken into account in any dialogue on human rights, and the developing world should not blindly accept doctrines handed down by the West.

"The human rights philosophy of the European capitalist revolution has made historical contributions ... but the world has gone through great changes, and we should make our choices with judgment," People's Daily said. "Outside Europe, there are other, even older glorious civilisations with which to compare and make choices."

Mr Patten said the argument about cultural relativism and human rights did not stand up, and denied that those who stood up for individual freedoms were interfering in the internal affairs of other countries.

"The truth is that those who try to sweep human rights under the carpet tend to do so for baser motives—to stamp on opposition and keep a tight grip on political power," he said in an address to the Australia-Asia Society.

"Communism failed because, in attempting to crush initiative and suppress individualism, it went right against the grain of human nature. It collapsed because of its wicked and expensive failures."

He dismissed arguments that Asia was barren ground for democracy. "First, there is nothing inherent in Asian society that makes democracy a non-starter. Japan is evidence enough of that".

"Second, there is no evidence to support the claim that while rising living standards in Europe, in Latin America, in Africa, may lead to rising political aspirations, the same does not apply in Asia".

"I accept there may not be a mechanistic relationship between growing prosperity and an increasing demand for participative government. But the evidence is that in Asia, as in other places, people who have more in their wallets sooner or later want more say in the way they are governed."

Mr Patten's remarks amounted to further evidence, if any were needed, that his approach to problems inside and outside of Hong Kong is fundamentally at variance with China's, and that the prospects for cooperation between Britain and Beijing over the territory seem virtually non-existent.

**WEN WEI PO Criticizes Patten's Australia Trip**  
**HK1602115694 Hong Kong WEN WEI PO in Chinese**  
**16 Feb 94 p A2**

[Editorial: "Chris Patten Exposes His Own Ugliness in His Trip to Australia"]

[Text] Chris Patten will put the first part of his constitutional reform package to the vote at the Legislative Council [Legco] on 23 February. Yesterday Chris Patten said in Australia that the first part of the constitutional package has won the support of most Legco members and is expected to be passed intact. Meanwhile, the British side announced that, now that the first part of the package has been passed, Chris Patten will very soon put forward the second part of his constitutional reform package "without delay" and push it through in the same manner. Chris Patten is seizing the opportunity to step up his efforts to bring his ideas into reality and render Hong Kong a quasi-independent [ban du li 0584 3747 4539] political entity in order to extend British influence in the colony.

Before embarking on this political gamble, Chris Patten racked his brains to garner public opinion in support of his constitutional reform package. He arranged a visit to Australia, once again playing the international card. After this trip, he will immediately rush back to Hong Kong to push through the first part of the constitutional package. It is obvious that these activities are two closely linked, consecutive steps in a schedule which was meticulously drawn up beforehand.

In Australia, Chris Patten delivered speeches in a righteous tone, declaring that the purpose of his Australian trip is to ask the Australian people "to extend assistance to Hong Kong" and "to defend the value of democracy." He encouraged Australia to "support democracy in Asia," boasted about his constitutional reform package, and spoke extravagantly, assuring the Western countries that his constitutional package was bound to overcome China's objections. He brazenly publicized the relationship between his package and the demise of the socialist system and fiercely attacked the idea of one country, two systems: "No totalitarian regime can coexist peacefully with a free economy for any substantial amount of time. The collapse of communism and its replacement with the free market offers a lesson to the entire world as well as Asia."

This remark vividly defines the Far East mission that Chris Patten is undertaking in his capacity as the last governor of Hong Kong and exposes his real motive in inducing international forces to intervene in Hong Kong in support of his constitutional reform package—he wants to resist China's resumption of sovereignty over Hong Kong and opposes the idea of "one country, two systems." Chris Patten has openly challenged China's sovereignty, as he maintains that it is impossible for two systems to coexist peacefully within a country. He has not only strongly maligned the Asian countries' successful experiences in maintaining a balance between

social stability and economic prosperity, but he has also slandered socialism as a totalitarian system and has pronounced a curse on China, saying that the Chinese Government is bound to collapse. Based on his mistaken appraisal of the situation, Chris Patten went all out to confront China in the vain hope that his attempt would succeed. Thus one can anticipate his repeated failures in the future.

Going against the trend, he is playing the international card everywhere he goes and is trying to pull together an anti-Chinese camp. He has failed in this attempt, however, as very few people are echoing his appeal. The Australian Government has simply ignored his call for support for his constitutional reform package, giving him a direct rebuff. That is why Chris Patten is now trying to explain away his vain attempt, saying that his current visit to Australia is not trying to seek support for his constitutional reform package but for the Sino-British Joint Declaration. He is just hoping to gloss over his awkward position.

Meanwhile, former Australian Prime Minister John Malcolm Fraser wrote to a newspaper to acutely expose Chris Patten's bluff and lie, pointing out that Patten knows little about Asia and Hong Kong and that his constitutional reform is mischief aimed at creating chaos in Hong Kong. Fraser refuted Chris Patten's absurd assurance that "even if the Australian Government supports the constitutional reform package, it will neither affect Australia's economic and trade relations with nor its investments in China." Fraser pointed out that, if Australia wants to strengthen its relations with Asian countries, it should strongly urge Chris Patten to withdraw his rash and mistaken policy. Prime Minister Keating declared long ago that he was not interested in the Patten package. During his meeting with Chris Patten yesterday, he absolutely refrained from touching on Chris Patten's constitutional reform package, nor did he express any intention of supporting it. Keating did not shake hands with Chris Patten before reporters, because shaking hands with him as the governor to a colony would not be in keeping with Australia's political goal of becoming a republic. The Australian mass media have played down Chris Patten's visit. Many local Chinese community leaders, as well as figures from the business circles, have expressed their views, noting that what Chris Patten has been doing in Hong Kong is unpopular with the Australian Chinese community. Chris Patten has found himself in a very isolated position, and his mission will prove fruitless.

Chris Patten opposes the Asian countries' policy that places political stability before economic development. His preaching has been refuted by Australian scholars. Before Chris Patten came to Hong Kong, the territory had properly handled the relationship between stability and prosperity as well as its relations with the Chinese mainland, thus maintaining sustained high economic growth. The Asian countries have established their unique political-economic model in light of the local historical and cultural realities and based on their own

interpretation of human rights, which is different from that of the Western countries. As a result, they have created economic miracles and have emerged as a region which has enjoyed the most rapid economic growth in the world in recent years. In the meantime, Eastern Europe and the former Soviet Union have mistakenly copied the western model. Being too anxious for quick success, they introduced drastic changes which have resulted in civil wars, economic decline, a worsening public security situation, and poverty and starvation among the people. As the Asian people uphold their Asian social development model, Chris Patten's fantasy of forcing Western value concepts into Asia is bound to arouse criticism from the Asian world.

While in Australia, Chris Patten has also talked glibly about the implementation of the Sino-British Joint Declaration. The very soul of the Joint Declaration is China's resumption of sovereignty over Hong Kong on 1 July 1997, on which date Britain will return Hong Kong to China, and then all Hong Kong affairs will become China's internal affairs, and China will apply the principle of one country, two systems to Hong Kong in accordance with the Basic Law. If Chris Patten thinks that his manipulation of Legco will enable him to push through his constitutional reform package and then have it extended beyond 1997, then he is certainly making a terrible mistake. According to the Sino-British Joint Declaration, international law, and the Basic Law, no colonial government has the right to establish any organizations of political power on behalf of the Special Administrative Region government which is to rule the territory after 1997. Therefore, Chris Patten's constitutional reform will be short-lived, and the three-tier councils he is to establish will inevitably be dismissed on 1 July 1997.

**Sino-British Expert Talks To Begin 22 Feb**  
*OW1502132394 Beijing XINHUA in English 1238  
GMT 15 Feb 94*

[Text] Hong Kong, February 15 (XINHUA)—The fourteenth round of talks on Hong Kong's future defence and public order between experts of the Chinese and British sides of the Sino-British Joint Liaison Group will be held here from 22 to 25 this month.

This was announced by the Chinese representative office of the Joint Liaison Group here today.

The Chinese team will be led by Chinese representative Luo Jiahuan.

The British team will be led by British representative Alan Paul.

They will be assisted by experts from the two sides.

**To Discuss Military Sites**

*HK1602115094 Hong Kong HONGKONG STANDARD  
in English 16 Feb 94 pp 1, 4*

[By Mary Binks, Political Editor]

[Text] Britain and China are to return to the negotiating table in a week to attempt to resolve differences on the sensitive question of military sites in Hong Kong after 1997—an impasse which has already spanned more than seven years.

While both sides have been close to an agreement for some months, the obstacle remains China's demand for a much bigger naval base for the People's Liberation Army (PLA) than the one being built on Stonecutters Island.

Joint Liaison Group (JLG) experts from the two sides will meet for three of the four days scheduled from 22 to 25 February in Hong Kong to resolve differences over the disposal of military sites—an issue which China believes goes to the heart of its sovereignty.

The discussions will also involve military site inspections of as yet undisclosed locations. There are up to 30 military sites in Hong Kong. Alan Paul, who will be heading the British team, yesterday expressed optimism over the forthcoming discussions, saying China's agreement to three days of talks rather than the usual two days augured well for a satisfactory outcome.

The last bilateral meeting of defence experts, held from 21 to 23 December, made only limited progress towards an agreement on details of future defence arrangements. China's insistence on a bigger naval base on Stonecutters Island is based on its argument that its size must be comparable with HMS Tamar on the Central waterfront.

But in the last round of talks the British side stood firm on demands for a bigger base. It is concerned that legislators will baulk at approving more funds to expand the site. Moving the naval facilities from Central has already cost more than \$358 million.

JLG discussions will also focus on Britain's demand for a guarantee from China to return to the post-1997 Special Administrative Region (SAR) government any military sites unused by the PLA. Another area of contention is the Chinese side's desire to keep the married quarters currently used by British troops as quarters for PLA officers.

The prospect of next week's meeting has raised hopes that strained relations over the political row will not impede co-operation on other crucial handover issues.

Sources on both sides yesterday expressed the hope that the pace of work by the JLG might now pick up, averting the need by Britain to take unilateral action. However, concerns remain that talks on funding for Chek Lap Kok airport and Container Terminal No 9 have been hindered by the political reform row.

The Chinese side is expected next week to propose a meeting of the JLG's airport committee to discuss Britain's latest financing proposal.

#### Airport Authority Appoints New Chief Executive Officer

HK1602072694 Hong Kong RTHK Radio Four in English 0500 GMT 16 Feb 94

[Text] The Provisional Airport Authority has appointed Hank Townsend as its Chief Executive Officer for the next three years. But as Cliff Bale reports, the appointment is likely to be criticized by legislative councillors.

[Begin Bale recording] Dr. Townsend was appointed as Chief Executive Officer one year ago following the sudden departure of Richard Allen. He was seconded from the International Bechtel which is in charge of the project management of the airport core program. The Provisional Airport authority said in a statement that Dr Townsend would now sever his links with Bechtel and the Financial Secretary Sir Hamish Macleod was quoted as welcoming the three-year appointment. He said he was sure Dr Townsend would provide the authority with the confidence and continuity needed to complete the airport to the maximum extent possible by mid-1997. However that is unlikely to calm the worries of legislative councillors over the appointment. The infrastructure spokesman for the United Democrats, Albert Chan, says that the move violates the authority's localization and open recruitment policy. He will discuss the issue with the Secretary for Economic Services, Gordon Siu, this afternoon [end recording].

#### Vietnamese Boat People Protest Against UN Decision

OW1502132494 Beijing XINHUA in English 1239 GMT 15 Feb 94

[Text] Hong Kong, February 15 (XINHUA)—The Vietnamese boat people held protest demonstrations and hunger strikes here today in response to the repatriation proposals endorsed at a multi-national meeting being held in Geneva.

About 400 Vietnamese boat people staged a mass demonstration at Tai A Chau Detention Center against the new repatriation measures which order all the 52,000 Vietnamese asylum-seekers in camps of Asian countries to return to their homes by the end of next year.

Tension mounted in the detention camps Monday [14 February] when detainees awaited the outcome of the Geneva meeting which agreed to speed up the repatriation by returning all those who did not actively object to returning.

Camp protests swelled across the detention centers in Hong Kong. Some 90 people, including a few of pregnant women, staged a hunger strike at Kai Tak Transit Center

Monday, shouting slogans in protest against the Hong Kong Government's screening policy to determine refugee status.

However, the overall atmosphere in the camps had become calm and peaceful although a number of peaceful demonstrations in various detention centers took place coinciding with the Geneva meeting, local acting secretary for security announced at a press conference held here today.

Of all the 52,000 Vietnamese asylum-seekers in Asian camps, about half, or 25,660 Vietnamese boat people, are staying in Hong Kong. The majority of them have been screened out and the rest are awaiting for screening, according to the latest government figures.

Hong Kong Acting Secretary for Security Ken Woodhouse said today that he welcomed the U.N. new decision on repatriation.

"While voluntary repatriation remains our preferred option for securing the return of the Vietnamese to Vietnam, there is a need to speed up the process of repatriation to meet the internationally agreed two-year timetable," he said at a press conference held here today.

The Vietnamese boat people have been a heavy burden for Hong Kong in the past 18 years and the recent decision will send a clear message to the camp population that their future lies in Vietnam not in camps in Hong Kong, he added.

It was reported Hong Kong may offer three options to detainees: the existing voluntary repatriation program, a forced repatriation program and the non-objectors program for those who do not volunteer to return.

"We will begin to work out the details for the non-objectors scheme with the United Nations High Commission for Refugees as soon as practicable," Woodhouse said.

#### Macao

#### XINHUA Branch Hosts Lunar New Year Party

OW1602111694 Beijing XINHUA in English 1043 GMT 16 Feb 94

[Text] Macao, February 16 (XINHUA)—Some 1,000 people from all walks of life attended here today a party sponsored by the XINHUA news agency Macao branch to celebrate the lunar new year of the dog.

Guo Dongpo, director of the branch who presided over the party, said that tasks concerning the transition in Macao are expected to be completed in 1994. He expressed the hope that the two governments of China and Portugal will continue to work for the strengthening of the friendly cooperation between the two countries to safeguard the social stability and economic development in Macao.

He also hoped that the Macao compatriots and people from all walks of life will learn more about the Basic Law of Macao Special Administrative Region, understand better the policy of "one country, two systems" and actively participate in handling the various matters in the transitional period so as to contribute more to the smooth transition in Macao.

Macao Governor General Vasco Joaquim Rocha Vieira said since the establishment of diplomatic relations between China and Portugal 15 years ago, the two countries have cooperated friendly on the basis of mutual trust.

"Our responsibility is to try our best to maintain forever this friendly cooperation and make Macao a symbol of this spirit," he added.

**Official Says PRC Will Not Execute Suspects If Extradited**

*HK1502151794 Hong Kong AFP in English 1445 GMT 15 Feb 94*

[Text] Hong Kong, Feb 15 (AFP)—Chinese authorities have given a written guarantee to the Macao Supreme Court that two suspects awaiting extradition from Macao will not be sentenced to death in China, a report said Tuesday.

The Lusa news agency, in a report monitored here, said the guarantee was contained in a letter sent to the court by Macao Xinhua Vice-Director Ke Xiaogang.

China has asked for the extradition of Bolivian passport holder Antonio Ti Luo, 45, who is wanted on charges involving a 50 million dollar joint venture fraud, and Hong Kong British Passport holder Yeung Yuk-leung, who is wanted on murder charges, Lusa said.

The Supreme Court in the Portuguese enclave is due to rule on the request, although no date has yet been set.

Portugal abolished the death penalty in the last century and under its constitution extraditions cannot be carried out for crimes involving capital punishment.

The Macao lawyer of the two accused, Pedro Redinha, has questioned the guarantee, saying the Xinhua bureau is only a consular entity which would not have the power to commit state authorities to the pledge.

London-based Amnesty International has also taken an interest in the case of Antonio Ti Luo and called on Macao not to extradite him as Portugal has no extradition treaty with China and because of its constitution, the agency said.

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25 FEB 1994

